

Flight from welfare

'There is a beacon of light in the surrounding gloom, and its name is Fr Michael Conaty'

Page I



The hard man

'I'm careful. not foolish. I can still go off trout fishing alone'

Page III

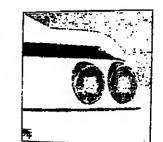


### Weekend



Eastern promise

'With prime plots at Lake Balaton costing less than £5,000, it is hard to see how you could lose



Object of desire

'Ferrari buyers like to know that the guy who made their engine block also made Schimacher's

Page XVIII -

http://www.FT.com

## World share prices fall as investors record high take profits

By Philip Coggan

World share prices suffered a sharp setback vesterday as investors took profits after the recent record highs on bourses.

The fall coincided with the latest wohble in the emerging markets, with Brazil seen as the next target for currency speculators.

The Dow Jones Industrial Average lost touch with the 8,000 level it gained for the first time this week and in London, the FTSE 100 - after coming tantalisingly close to 5,000 - fell back

The expiry of index options on hoth sides of the Atlantic edded to the volatility of shares. Analysts cited nervousness ahead of the testimony of Mr Alan Greenspan, chairman of the US Federal Reserve, to Congress next week. "There are signs of a bounceback in third quarter US economic activity, with consumer sentiment stronger than any time since man landed on the Moon,"

Dow Jones Industrial Average

News AGD each of

closely watched deficit with Japan. Page 3

**US to press China trade** 

US commerce secretary William Daley will visit China to press for further opening of its domestic market for US exporters, in the light

of the soaring bilateral trade deficit between the two countries. His

announcement followed publication of figures showing the US trade

deficit with China in May rose 9.1 per cent to \$3.8bn, exceeding the

Backlash against Basque terrorism: Moderate Basque

political parties presented a censure motion to deprive the radical Herri Batasuna party, which supports the Eta separatists, of its strongest power base. It was a key development in an unprecedented civic revolt against terrorism that followed the kidnap and murder by Eta

of a conservative councillor. Page 2; One murder too many, Page 7

Lithuania smarting from rejections: The decisions this month

to exclude Lithuania from the first wave of applicants to both Nato

end the European Union - and the recommendation that only Estonia be invited to join EU accession talks next year - have come

as sickening blows to e country passionate ebout escaping its tragic

Plastic purchases tested on Internet: US banks, credit card

method of ensuring the security of credit card purchases on the inter-

net. The trials, which include sales of airline tickets and sporting

goods, are designed to establish as a worldwide standard the Secure Electronic Transaction (SET) protocol, jointly developed by Visa and

history and returning to the bosom of western Europe. Page 2

groups, retailers and technology companies launched trials of a

MasterCard with several technology partners. Page 3

said Mr Kelth Skeoch, chief economist at HSBC James Capel.

The fear is that Mr Greenspan will signal concern, raising the likelihood that the Fed will put up interest rates to choke off potential inflationary pressures.

Wall Street was also hit by figures from Microsoft which disappointed investors and caused selling in technology-related stocks. The Dow Jones Industrial Averege, nearly 150 points lower at one stage, was 99.88 off at 7,920.89 at 1pm New York

In Germany, the DAX index dropped 1.7 per cent in electronic trading while in Paris, the CAC 40 which touched 3,000 on Thurs day, fell 2.8 per cent to 2,875.69.

London suffered a 150 point switchback ride which saw the Footsie up 49.1 to 4,998.1 in early trading, down 100.7 in mid-after-noon to 4,846.3, before closing 71.8 points lower at 4,877.2.

Such losses were dwarfed by the turmoil in the Brazilian market, where the Bovespa index was 8 per cent lower in mid-day trading as investors feared that the risk of devaluation, which has recently hit Thailand, the Philippines and Poland, might spread to Latin America. Brazil still faces current account and budget deficit prob-

lems and its stock market has fallen sharply this week.

Japanese pledge, Page 3; Editorial comment, Page 6; Greed and fear, Page 6; London stocks, Page 17; World Stocks, Page 21; Lex, Page 24

### Flood chaos spreads to Germany



German towns were hit hy heavy rain which has claimed 48 lives in Poland. Report, Page 2

### Sinn Féin urges **RA** ceasefire

By John Murray Brown in Dublin

Mr Gerry Adams, the Sinn Féin president, said last night that he had urged the IRA to declare a new ceasefire, raising expectations of an imminent announcement from republicans that they will end their terror campaign. In a statement issued in Dub

lin, Mr Adams and Mr Martin McGuinness, Sinn Fein's chief negotiator, said they had called on the IRA to "restore its cessation of August 1994". Mr Adams said he would only approach the IRA, "if I was confident that their response would be positive". The move comes amid hectic

diplomatic activity to ensure that agreement on arms decommissioning is reached in a vote next Wednesday at the preliminary multi-party talks in Belfast.

This would pave the way for substantive negotiations involving Sinn Fein, which is excluded

from the preliminary talks. Sinn Féin is understood to have been encouraged by the UK government's refusal to meet unionist demands for decommissioning terrorist arms during the talks

Mr John Hume, leader of the moderate nationalist SDLP, earlier issued a joint statement with Mr Adams indicating that the time was right for "Inclusive negotiations in a peaceful atmosphere". And Mr Bertie Ahern. lrish prime minister, said he expected an announcement would be made "without undue delay. I presume we're talking about within the next day or so".

There was a guarded welcome to the ceasefire call from the SDLP and British politicians. But any new cessation will be greeted with scepticism by unionists.

> Peace prospects, Page 5 Weekend, Page 3

## Beautiful people flock to mourn

By Richard Tomkins in Miami

Under a lowering sky, intermittent drizzle and the thrumming hlades of a fleet of police helicopters, the people of Miami Beach - and some from miles beyond - powed out yesterday to pay their last respects to Gianni Versace.

for the murdered Italian fashion designer in the city's St Patrick's was absent from yesterday's pro-Catholic Church included modwould-be friends, some of them their biggest design inspiration lingering before television cam- at Gep, the US casual clothing eras outside the doors just e store, while the models were little longer than was decent.

Mr Tony Fornabaio, who said that he bad modelled for Versace in Paris, had come from Fort Lauderdale. "It's a tragedy," be

the fashion industry, a monn-

Mr Edward Lescurieus, who said he had modelled for Versace in New York, had just arrived from Argentina. "I had to come. I idolised Versace," he said. "To me, this right now is a point in

Oddly, the exuberance that characterised Versace's designs ceedings. Most of the congregaels, friends, would-be models and tion looked as though they got dressed simply in black jacket and dark glasses (him) or black

dress and dark glasses (her). Even the Rev Patrick O'Neill, delivering the homily, sounded e said. "Not just because his note of disappointment. "I was area, the city has been trying to

because he was an icon for geous colours, colours that were emphasising the extraordinary genninely the flair and excitement of Gianni's life," he said.

Versace's funeral is in Milan next week, and neither his family nor his celebrity friends were present yesterday. Even 50, hundreds of police roamed the area in case Andrew Cunanan, prime

No longer one-man brand...... Page 7

suspect for Versace's murder, dared to put in an appearance. As long as Cunanan is at large. Miami Beach will remain tense. Apart from the issue of personal safety, tourism is Miami's most important industry. In the days following the shooting of Versace outside his Art Deco bome in the fashionable South Beach life was taken in this way but hoping today to see some outra- limit the damage to its image by

nature of the crime. Mr Alex Penelas, mayor of

Dade County, Miami's metropolitan area, said crime was heavily down, tourist rohbertes hed fallen from e peak of 642 in 1992 to 30 so far this year.

"I think people will underspecifically targeting Mr Versace, and could have happened wherever he lived," he said.

Mr Jerry Powers, publisher of the glossy Ocean Drive magazine and an acquaintance of Versace. said: "This town has survived Hurricane Andrew, the killing of the German tourists who were sexes, sunning themselves on the shot here, and several major race riots. The economy is not dependent on any one person."

seemed to think Versace's death \$2.9m.

could herald the end of the South Beach scene. Ms Kimberley McCord, a blonde twentysomething with every visible part of her anetomy pierced, said: "He was the beginning of Sonth Beach and he was the higgest part of it. It's the death of South Beach."

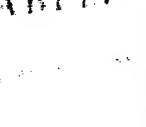
Versace's love affeir with Flostand that this was not a random rlda began in 1992 when he act: it was e well planned event arrived at Miami International Airport on his way to Cuba. His counecting flight was delayed, so he asked a taxi driver to take him somewhere "fancy and fun".

When he arrived at South Beach he found it was fancy and fun epitomised: e playground for gorgeous young things of both beaches or banging out between modelling sessions and fashion shoots. The following year he Even so, at least one mourner bought 1116 Ocean Drive for

## 1ER

UNIS

ARIL.



# Disney Concert Hall

En Broad, the founder-chairma of the SunAmerica pensions ang assurance group as byin to respect of the Displey Concert Half project as a fitting



### News Business

### Local telecoms protected

A US court yesterday dealt a blow to efforts to open the \$100hn US local telecommunications market, ruling that federal regulators had exceeded their powers in trying to stimulate competition in the sector. The decision is another blow to long-distance carriers such as AT&T and MCI Communications, which have been trying to break into an industry dominated by regional monopolies. Their own long-distance market is already fiercely competitive, denting the finances of both companies in recent months. Page 24; US appoints

NatWest looks at life without Pru merger: Netional Westminster Bank, the UK's largest retail bank, faces further uncer tainty over its future following the collapse of privete merger talks with Prudential Corporation, the UK's biggest publicly owned life insurer. Talks on creating a \$45hn company that could have rivalled Lloyds TSB for dominance of retail financial services in the UK, ended on Wednesday when the companies were unable to egree terms. Page 22; Lex, Page 24

BZW Securities, the US arm of Barclays Bank's investment banking business, is under investigation by financial regulators for a number of breaches of trading rules, according to several lawyers and former traders close to the matter. The investigation may point to widespread compliance problems et BZW's New York equities trading business, selling foreign stocks to US investors. Page 3

Storm sweeps over Club Med: A row between the old and new managers of Club Méditerranée, the holiday resort operator, intensified when Philippe Bourguignon, the recently appointed chairman, described his predecessors' management as "amateurism". The board meeting saw the resignation of Gilbert Trigano, who founded Club Med in the 1950s, and his son Serge, who ran it until recently. Club Med shares rose 5.9 per cent to FFr445, one of yesterday's strongest performances on the Paris Bourse. Page 24; see Lex

Smith Barney, the US broker, is planning a financial services joint venture with Nikko, Japan's third largest securities company, which is expected to offer US-style advice to consumers on investment trusts and other products. The move is one of the first joint ventures between a Japanese securities house and a foreign group to offer advanced financial products to retail investors. It provides further indications of the growing interest that Japan's Big Bang financial deregulation is stirring among foreign financial groups. Page 23

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## Van Gogh La Moisson en Provence, 1888 Sold at Sotheby's for £8.8 million in June, 1997 A World Auction Record for a Work on Paper by the Artist **SOTHEBYS**

INTERNATIONAL NEWS DIGEST

labour laws

remain after it took over control from the UK.

which is based in Brussels, called Wednesday's

auspension of labour rights laws by the territory's

Bening-backed legislature "a slap in the face for Hong

HK rapped on

An international labour organisation has criticised Hong

Kong's move to freeze recent laws, saying it shows China

reneging on assurances that basic labour standards would

The International Confederation of Free Trade Unions,

Ms Rita Fan, president of the legislature, has defended

the suspension by saying the laws were passed in haste

by the previous legislature and the government needs more time to examine implementation.

The government insisted there was no question of

breaching international labour conventions, and stressed

the laws had been suspended - rather than repealed - in order to assess their full impact.

Hong Kong yesterday published police guidelines on

banning demonstrations on the grounds of "national security", which includes advocating independence for

Taiwan or Tibet. Ousted democratic legislators and human rights activists said the guidelines contravened

Louise Lucas, Hong Kong

German chancellor to campaign against SPD 'from village to village' if it continues tax reform blockade

## Kohl vows to smash political logiam

By Raiph Atkins and Peter Norman in Bonn

Chancellor Helmut Kohl sought yesterday to break the political logiam which has paralysed German economic reform, promising, if necessary, a year-long campaign until the autumn 1998 federal elections against the intransigent would denounce the SPD's blockblocking tactics of his opponents.

Mr Kohl said that, without tax city to city". reform in particular, Germany had "no future", and he accused the opposition Social Democratic party (SPD) of betraying the country's

Basque

close

ranks

By Tom Burns in Madrid

ment, of its strongest munic-

The motion is a key devel-

opment in an unprecedented

civic revolt against terrorism

that followed the kidnap and

murder by Eta of a conserva-

tive councillor last weekend.

The demonstrations have

fuelled a strategy among

Basque parties to close

ranks in order to Isolate

Failure in the past among

the parties to present a

united front on the town

council has allowed a Herri Batsuna member, Mr Xabier

Zubizarreta, to serve as

The censure motion will

be jointly presented by the

mainstream Basque National

list party, PNV, the smaller

Basque party Eusko Alkart-

suna and the Socialist party,

cil seats. All three parties

are coalition partners in the

mous government, which is

Under local government

rules a censure motion

against a mayor has to be

debated within two weeks.

Cooperativa. Spain's tenth

largest company in terms of

sales, the town is also the emhlematic ceotre of suc-

cessful industrial worker-

ownership. The all-party

agreement to isolate Herri Batasuna is due to extend to

other towns where its coun-

cillors have direct responsi-

bility in local affairs. In 25

out of the Basque country's

25,000 municipalities, Herri

Batasuna has an overall

majority and cannot be dis-

lodged until new elections

take place, but most of these

Herri Batasuna has been

banned from holding a

planned rally in San Sebas-

tian today on the grounds

that a gathering of Eta sup-

porters would provoke the

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are small villages.

local population.

FINANCIAL TIMES

GERMANY:

FRANCE:

SWEDEN:

Murder ontcry, Page 7

headed by the PNV.

Herri Batasuna politically.

ipal power base.

moderates

chamber of parliament, as "a weapon for a total blockade of the significant decisions for the

At a pre-summer holiday press conference, a confident Mr Kohl pledged that if there was no agreement on tax cuts this summer, he

fully involved in a series of elections next year in German states -Gerhard Schröder, is prime minis-

ity in the Bundesrat, the second ter leading up to the federal contest on September 27, 1998.

His comments reflected widespread fears that the parliamentary conciliation committee of the Bundesrat and Bundestag, the lower house of parliament, will fail when it meets on July 30 to strike an acceptable deal on tax.

But Mr Kohl stopped short of ade "from village to village, from calling for reform of Germany's use Bonn's usual formula that coalition partner, the Christian constitution, which relies heavily He signalled that he would be on the principle of consensus. The ruling coalition in Bonn is

seeking significant cuts in top and including in Lower Saxony, where lower income tax rates, offsetting his most likely SPD challenger. Mr part of the cost with a broadening

criteria for European economic and strength of Franco-German relamonetary union.

He refused to be drawn on whether France might have to be left out of the project if it failed to bring its public deficit to the required 3.0 per cent threshold.

monetary union without France is

But Mr Kohl said it was wrong for Germans to preach to the falled to meet the Maastricht French government

new Paris government is half- considered.

Mr Kohl reiterated that Germany bearted about controlling its would meet the Maastricht treaty finances, Mr Kohl stressed the tions and insisted that the French "know what they want and wbat they are doing".

Paris's chances was ignored, bow-ever, hy Mr Michael Glos, Bonn The chancelior also omitted to parliamentary leader of Mr Kohl's Social Union of Bavaria.

His call for restraint in judging

In a newspaper interview today, Mr Glos said that if France criteria, a postponement of the sin-Despite fears in Bonn that the gle currency would have to he

#### freedom of speech. ■ NORTH KOREAN AID

Kong workers".

### Corn shipment 'not diverted'

The South Korean foreign ministry yesterday said North Korea had probably not diverted humanitarian food aid for its famine-stricken population when it shipped corn to Japan this week. Japanese officials were investigating the corn shipment after the conservative Japanese newspaper, the Sankel Shimhum, suggested that North Korea was exporting humanitarian food supplies to gain needed foreign currency. The Sankel Shipment has opposed Japan giving food aid to North Korea.

The foreign ministry in Seoul told the South Korean news agency Yonhap that a North Korean vessel had apparently been hired to transport the corn from China to Japan. This supported similar claims made by North

Korean representatives in Tokyo.

Instead of taking the more expensive route of directly shipping the corn from China, the corn had been sent to the North Korean port of Chongjin, then loaded on a North Korean ship that delivered it to the port of Aomori in north-western Japan. John Burton, Seoul

#### SCHENGEN AGREEMENT

#### German-Austrian border deal Germany has agreed to abolish border controls with

Austria next April 1, despite continued misgivings on the Bavarian state government's part that this could lead to an influx of illegal immigrants. At a closed meeting on Thursday night in Innsbruck, German Chancellor Helmut Kohl promised his Austrian

and Italian counterparts, Mr Viktor Klima and Mr Romano Prodi, that Germany would not delay any further the implementation of the Schengen accord, which allows passport-free travel among a group of EU countries.
As of next April, anyone can travel from Hamburg to

Sicily without showing a passport at any border. Mr Klima hailed the accord as a victory for Austria, but the interior minister of Bavaria, Mr Günther Beckstein, said: "The time frame is far too ambitious." He called for a longer transition period.

### BRAZIL STATE CRISIS

#### Aid package for Alagoas The Brazilian government was yesterday trying to put

budgetary crisis in the north-eastern state of Alagoas. The governor of the state has resigned to avoid an impeachment vote and the army has exchanged shots with striking police officers outside the state legislature. Mr Divaldo Suruagy stood down before state deputies began a vote over his role in a scandal involving allegedly

fraudulent bond issues. Three people were wounded in the exchange of fire on Thursday in the state capital, Maceió, when police officers, who are striking in protest at the non-payment of wages, clashed with members of the army who were protecting the state legislature. Alagoas is the most extreme case of the fiscal crisis in

Geoff Duer, São Paulo many state governments.

### ■ 'TRADE BARRIERS' CLAIM

#### Smith & Wesson complains Smith & Wesson, the firearms maker, has lodged a

complaint with the US government against Brazil, alleging discrimination against imported firearms. \*Smith & Wesson has invested substantial time and energy to seli our products to customers in Brazil, with little success, mainly due to trade barriers established by the Brazilian government," the company said in a

The Massachusetts-based Smith & Wesson is owned by Tomkins of England. It said Brazil had exported 2.5m firearms to the US since 1987 but US makers combined had exported only 5,766 to Brazil.

It said an estimated 180,000 small firearms were bought in Brazil last year, making it the second largest market in the world for these weapons.

#### Kiev unhappy with conditions A top Ukrainian official has criticised a US aid package

that keeps 1996 assistance at this year's level and makes half of it contingent on success in fighting corruption. The chief of Ukraine's security council, Mr Volodymyr Horbulin, said the foreign aid bill approved by the US Senate "does not completely answer to what is going on in Ukraine", the Interfax news agency reported.

Mr Horbulin did not elaborate, but he appeared to be repeating the complaints of President Leonid Kuchma and other officials, who have said Ukraine has unfairly developed a reputation for corruption.

The \$13.2bn foreign aid package earmarks \$225m for Ukraine, with half the amount to be withheld pending proof an anti-corruption campaign is successful. The amount is the same as Ukraine is due to receive from the US this year, and again makes the nation of 51m people the third-largest recipient of American aid after Israel and Egypt.

### ■ JAPANESE ECONOMY

### Self-sustaining recovery seen

Japan's Economic Planning Agency (EPA) said yesterday the economy was on the verge of a self-sustaining recovery, in the strongest official assessment of the economy in the last five years.

Tha EPA's annual report said: "The present state of the economy is close to one where we can say it is recovering autonomously led by private sector demand." It added that, although the recovery had slowed after the national sales tax was raised to 5 per cent from 3 per cent in April, it was not threatened and was set to continue.

Economists said the report was a fair description of the economy, although some warned it had yet to be confirmed by data for capital spending and consumption to be released in the next couple of months. Reuter, Tokyo

### Heavy rains threaten more flood misery

By Kevin Done, Moderate Basque political

parties yesterday presented a censure motion in the town hall of Mondragon, the Heavy rains returned yesterday to areas of tember 21. President Aleksontbern Poland and the sander Kwasniewski yestercentre of the area's industrial co-operatives, that will deprive Herri Batasuna, the north-east of the Czech day snpported radical party that supports ther devastation to areas the Eta separatist move-

East Europe Correspondent

in the past two weeks. Poland, which yesterday held a day of mourning for the 48 people who have died m the floods, completed the approval of more than 20 hills in parliament allowing the government to increase borrowing in order to pro-vide additional aid for tion]."

ing the timing of the Polish general election due on Sep-

Republic, threatening fur- government's rafusal to accept opposition calls for a already engulfed by floods state of emergency to be declared in the worst-hit regions, but warned: "If it turns out that tomorrow or the next day we are dealing with a serious threat to very many provinces of Poland, we will have no alternative, we will have to take the



Residents on Traugutta Street in Wroclaw, Poland receive fresh water and food supplies \*\*

Poland's central bank was forced to intervene to support the zloty which has come under heavy pressure

the budget deficit. In the Czech Republic, where at least 46 people have dled in the floods, Mr amid fears that spending on Karel Kuehnl, industry and flood relief could exacerbate trade minister, said damage

caused to manufacturing industry from the floods was estimated at Kc25bn (\$740m). The International Red Cross has issued an emergency appeal for aid.

S Africa

and EU

closer to

trade deal

The European Union and

South Africa yesterday sig-nalled a more friendly phase

in their protracted negotia-

tions on a bilateral trade and

The two sides said they

removing the stumbling

blocks that have held up

progress in the talks. "We

have been able to identify

processes and mechanisms

that take us forward more

rapidly." said Mr Alec

Erwin, South Africa's trade

and industry minister. Mr

Erwin held talks in Brussels

with Mr João de Deus Pin-

heiro, EU commissioner for

The two sides gave few details about how they are to

move the talks forward, but

they reaffirmed plans to set

up a free trade area. Terms

and conditions for establish-

ing the FTA have been one

of the main obstacles to progress in the talks - par-

ticularly Europe'a wish to

exclude 40 per cent of South African farm products from

the deal and the effect of an FTA on South Africa's

Yesterday's meeting came

a day after the publication of a European Parliament report which criticised EU

governments for taking a

"protectionist" stance in the

The report said: "The

negotiating mandate pro-

vided for the European Com-

mission hy the council offers

few openings in precisely those sectors of the economy

where growth would produce

opportunities for the major-

ity of poor hlack Sonth Afri-

However, tha document

acknowledges that agree-

ment has already heen

reached in areas such as sci-

ence and technology, and in

granting South Africa par-

tial access to the Lomé con-

vention, which links the

European, Cambhean and

Pacific countries.

current trade talks.

neighbours.

cans.

external relations.

By Joel Kibazo

development pact.

## Lithuania finds obstacles on road to west Europe

mayor of Mondragon, which has a population of 25,000, for the past 13 years, although his party holds only six of the council's 21 EU preference for Estonia rankles too, reports John Thornhill

> ing chills the bones both 1991. physically and figuratively. ughters were imprisoned and tortured during the Soviet occupation. Menachem Begin, the late Israeli prime minister, was just one of those detained bere in 1941 before being deported to Siberia.

and in Mondragon lt will lead to the replacement of A short tour of the prison. Mr Zuhizarreta by a councilnow converted into a lor representing the PNV. museum, explains why the Lithuanians are so passion-The loss of the town hall is ate about escaping the clutches of their tragic hisan important blow for Herri Batasuna, for Modragon, the birthplace of a number of tory and returning to the historic Eta leaders, was by bosom of western Europe. far the biggest town it con-The twin decisions this trolled. As the headquarters month to exclude Lithuania from the first wave of appliof Mondragon Corporación

The prison in the base as sickening blows to the should be invited to join as it is economic," says one ment of Lithuania's country, which only accession talks next year has banker, "We want to be seen Supreme Court build regained its independence in played up to that country's to return to Europe."

There is a barely sup-It was bere, in the cold, lime- pressed sense of disappoint- seething on the sidelines. which together hold 15 coun- green cells of the former ment, even anger, that the KGB headquarters, that two Brussels-based institutions asys the EU's attempts to towards the admission of many of the Baltic state's tions have deemed Lithuania rank the Baltic countries' any of the Baltic states. But bership. Mr Gediminas Vagnorius. Lithuania's softspoken prime minister, says it has been his government's top priority to comply with the EU's membership He fears the rebuff will

only encourage reactionary Russians to meddle once again in the region.

Although the three Baltic states publicly express solidarity with one another, the latent centuries-old rivalries among them have clearly resurfaced during the race for EU memhership. The

self-image of superiority, leaving Latvia and Lithuania

One Litbuanian official Russia's oft-stated hostility like trying to guess the are at least prepared to height of three small boys in drink to its future. five years' time by looking at old snapshots. The analogy is not accidental: basketball is Lithuania's national sport and several of its giant artillery shell cases, and countrymen star in the US professional leagues.

rdinary Lithuanians, who have a reputa-tion for flinty independence of mind and action, appear to believe the

Lithuanians appreciate

that Nato membership may prove more elusive, given

A bar, called Nato's, has opened up in Vilnius's beautiful old city, complete with ornamental land-mines and serving such delicacles as Pershing missile salads, con-

sisting of beef and mayonnaise. On a visit to Lithuania last year, Mr Javier Solana, Nato general secretary, dropped in for a drink. "This is a very particular place," he told the pan-Baltic City Paper. "Indeed, it is the first time I have ever seen anything like

### setback is only temporary as, indeed, seems likely to be the case. "For Lithuanians, commission's recommenda- EU membership is as much European Union have come tion that only Estonia political and psychological it in my life."

## Beirut plans long-term bond issues to help reconstruction

and Roula Khalaf

Lebanon is planning to issue \$1hn worth of honds on international markets with maturities of up to 30 years to help finance its postwar reconstruction. Mr Rafio alsaid yesterday.

cants to both Nato and the

boldest test of market sentiment since it emerged from nearly 17 years of sectarian in the Yankee market. civil war in 1990. It will also provoke controversy at public indebtedness which doubled between 1994 and

He made his comments two days

after the European Commission pub-

lished a hlueprint for enlarging the

pean states, including the former

During the first visit by a Russian

Soviet republic of Estonia hut stop-

ping at the borders of Russia.

minister, Mr Tony Blair, said the bonds would be issued over three years, and financed not out of the budget but by means of special taxes, provided that the fractious Lebanese parliament agrees to underwrite the Hariri, its prime minister, scheme. London bankers predict, nevertheless, that only a portion of the \$1bn will have as long as a 30-year maturity and could be sold

Hariri said in an interview.

ing far more regional and international capital. "I don't believe it [recon-

before the civil war - as the leading capital market in the umes which crowd out pri- region. But so far only eight vate investment. "We are companies have listed on going to take steps now to Beirut's reopened stock exchange, while newly reforming Egypt, whose bourses are able to offer a greater number and range of financial products, is attract-

struction) has been slow, said Mr Hariri, a multibil-lionaire who made his fortune in construction in Saudi Arabia. The maximum iri'a government have project delay was the oneyear hold-up in rebuilding Beirut's international air-

### By David Gardner meet the new British prime this year's target of 38 per to restore Beirut - the Midcent. The gap is financed dle East's banking centre

This would be Lebanon's

Last year's budget deficit - calculated as a proportion home in the light of total net of revenue, because postwar Lebanon still cannot calculate accurately its gross

largely by the issue of treasury bills, at rates and volimprove the revenue and control the deficit more," Mr Lebanon's reconstruction strategy has until now won

strong backing from international financial institutions and donors, while the country has already successfully placed over \$1bn in three eurobond issues with maturities of three to five years. Domestic critics of Mr Har-

1996, and the government's domestic product - was 51 attacked the slow pace and persistent inability to get the per cent, while the governbudget deficit under control. ment is running about 20 inequity of the \$60bn recon-Mr Hariri, in London to percentage points ahead of struction drive, which aims port, he claimed.

EU entry still our goal - Chernomyrdin

has never applied for membership.

The size of the task in bringing the dent, has spoken previously of Rus- two sides together was highlighted yesterday as Mr Chernomyrdin renewed pressure on the Commission to change its definition of Russia as a "non-market economy" for

president, promised yesterday to examine Russian concerns about the

definition, and possible changes in anti-dumping policy, and to raise them with EU states. He also reaffirmed Brussels's support for Russian membership of the World Trade Organisation by 1998, which, he said, would lead to full recognition of Russia's market economy status,

din said his country was doing which will be easy". But he made dumping measures - last month pro-By Neil Buckley in Brussela voked Mr Boria Nemtsov, the everything possible to become an clear it was an eventual goal. Russia signed a partnership and "equal partner on this continent". reformist first deputy prime minis-Russia's prime minister, Mr Victor Chernomyrdin, yesterday beld out The entire scope of our work with co-operation agreement with the EU ter, to refuse to meet the EU trade commissioner, Sir Leon Brittan, on a the EU is directed towards one objec- in 1994, covering trade, commercial the prospect of a European Union stretching from western Ireland to tive, so that at a certain point Russia and economic relations, but unlike visit to Moscow. Vladivostok, aaying Russia's will become a member of the EU," other eastern European countries it Mr Jacques Santer, Commission long-term aim was to join the EU. he said.

Mr Boris Yeltsin, Russian presisia's EU ambitions, but his com-Union to take in five eastern Euro- ments were not taken entirely seriously. Mr Chernomyrdin admitted yester-

tant prospect, with "serious implica-

day that EU membership was a dis-- the purposes of EU legislation. Russian anger over the definition During the first visit by a Russian tant prospect, with "serious implica-Russian anger over the definition premier to Brussels, Mr Chernomyrtions and consequences, not all of and the maintenance of EU anti-

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By Tracy Corrigan and Richard Waters in New York

BZW Securities, the US arm of Barclays Bank's investment banking business, is under investigation by financial regulators for a number of breaches of trading rules, according to aevaral lawyers and former traders close to the matter. The investigation may point to widespread compliance problems at BZW's New York equities trading business, selling foreign stocks to US investors. Mr Jeffrey Liddle, a partner at

New York law firm Liddle & Roband and the New York Federal Rescompletion of error report forms. ingl rule," said Mr McCarthy. inson, said that at least half a crve. A former BZW trader said Mr McCarthy said the losses were Mr John Heine, a spokesman the New York office of BZW as a the last two years. (Mr Liddle represents four former employees of BZW.) He said he was aware of compliance standards."

Another New York lawyer said he knew of "a number of people who had been contacted by the regulators" and noted that a client had spoken to both the Securities and Exchange Commission the issue involved the incorrect not violated any [securities trad-

dozen staff had been sacked from staff from the equities trading and isolated incidents due to accidencompliance units had left as a tal errors, and added: "Under no mission, which oversees US securesult of compliance problems in result of compliance problems. "We don't comment on our relationship with regulators," said Mr by clients" who lost money Callum McCarthy, chief executive

> discuss any dismissals, He said BZW did take two operational loases totalling nearly cuted trades he said. \$80,000 caused by errors on trades with clients. A BZW official said

said it was company policy not to

circumstances will we or have we taken on trading losses incurred because the market had moved several "situations involving lax of BZW North America, who also against them. BZW never guaranteed to clients in advance that tion, there are any number of they would be compensated if rules that might apply." The SEC

they lost money on correctly exe-"We believe that in taking on

London store renews court battle to defend 'Crown Jewels' against a former associate

Argentina's Harrods seeks lost glory

The other

Harrods

Mr John Heine, a spokesman for the Securities and Exchange Comrities regulation, said: "We don't

bave a rule which says 'do not compensate clleots'. However, depending on the facts and circumstances of any given situadeclined to comment on wbether it was investigating BZW. in line with its stated policy. The incorthose operational losses we have rect completion of documentation suggests disclosure rules may

have been breached, according to securities law specialists. Separately regulators are also

believed to be investigating the circumstances surrounding BZW's dealings with a Guernsey-based bedge fund, intercapital Asset Management, run by Mr Geoffrey de Siebert. People close to the investigation say regulators are asking if BZW supplied incorrect prices to Mr de Siebert, causing the market value of his holdings groups, retailers and techto be mis-stated. Mr de Siebert was banned by the UK investment watchdog in September 1996.

## security method

in San Francisco

US banks, credit card uology companies yesterday launched trials of a method of ensuring the security of credit card purchases on the

internet.
The trials, which will include the sale of airline tickets and sporting goods, are designed to establish the Secure Electronic Transaction (SET) protocol, jointly developed by Visa and MasterCard with several technology partners, as a

worldwide standard. In one pilot, Bank of America joins VeriFone, the leading supplier of credit card verification systems which was recently acquired by Hewlett-Packard, in a SET demonstration sponsored hy Visa. Initially, the trial will enable Bank of America employees to buy tickets from Alaska Airlines over the internet using Veri-Fone's aoftware, Alaska also plans to include some of its frequent fliers in the trial.

SET "digital certificates" will be used to authenticate the identity of the consumers and merchants. When a purchase is made from a web site, the digital certificate containing encoded details of the buyer's credit card will he sent to the seller. The certificate enables the

merchant to verify the identity and creditworthiness of the consumer, while minimcard number can be stolen by a backer, or otherwise misused. The SET software tben decrypts the order information and forwards the still encrypted payment information to the credit card processor for authorisation and settlement. The buyer receives a sales confirmation online.

The test would bolster confidence in the security of internet transactions, said Mr Bill Ayer, Alaska Air-

lines' senior vice president.

The use of digital certificates is an important step in the development of electronic commerce, added Mr Many Japanese authorities tion from Malaysia's central president of First Union, a hank holding company which is conducting another SET trial with Visa.

> appears to be gaining acceptance, broad implementation could take time because merchants and banks need to acquire SET software and digital certificates must be distributed to verify buyers'

### Daley to visit China for deficit talks

Mr William Daley, US Goods and arrices, Shircommerce secretary, is to visit China to press for further opening of its domestic market for US exporters, in the light of the soaring bilateral trada deficit between the two countries.

His announcement yesterday followed the publicationof figures showing tha US trade deficit with China in May rose 9.1 per cent to \$3.8bn, exceeding the closely watched deficit with Japan, which fell 25 per cent to \$3.63bn.

The overall US trade deficit for the month rose 17 per cent to \$10.23bn, fuelled by record imports and a small drop in exports of industrial machinery and telecommu-

nications equipment.

The rise exceeded market expectations and reflected the continued US appetite for goods from abroad, with the biggest increases in imports coming in civilian aircraft, cars and industrial

Analysts warned that the reflected a seasonal pattern and on a year-on-year basis turned."
It continued to increase. Trade

Japanese deficit was "signifisteady increase in the Chi. \$1.74ba and Mexico's rising nese deficit was a higger by 21.7 per cent to \$1.7bn. By Gillian Tett in Tokyo

He said hs would meet autumn to discuss attempts to open their domestic marthe context of the country's application to join the World Trade Organisation.

been growing at double-digit \$1.06bn, down from \$1.44bn rates but its imports from the US and the rest of the world do not reflect that," he

Total importa for May stood at \$87.5bn, up from \$86.6bn in April, marking

the seventh consecutive



monthly rise. By contrast, exports dropped 0.8 per cent to \$77.2bn as sales of capital goods, cars and food all fell. However, economists stressed that the underlying trend in the deficit remained

steady, and the unexpectedly

big total partly reflected the

continuing strength of the "The weakness in exports should have been predictable based on how strong they were earlier this year," said Mr Ian Shepherdson, chief drop in the Japanese deficit economist at HSBC Markets. "It doesn't mean the tide has

Trade deficits with ths However, Mr Daley said US's two partners in the that while the rise in the North American Free Trads Agreement (Nafta) also widcantly slower" than the over- ened in May, with Canada's all growth in US imports, the more than doubling to

The overall trade surplus in services, a traditional US | Japan yesterday pledged Chinese officials in the strength, rose 0.5 per cent to \$6.81bn, as net exports for the currency markets to help the sector in the first five the Thai baht if further ket to outside companies in months of 1997 rose to \$34.3bn, up 9 per cent on the same period last year.

ade Organisation. The trade surplus in agri-"China's economy has culture also fell slightly to in April. Exports dropped to \$4.24bn, down from \$4.5bn, as sales of soybeans, cotton and wheat all fell, while imports rose to \$3.18bn from \$3.01bn, reflecting increased purchases of coffee and rice.

#### By Ken Warn in Buenos Aires Behind an imposing clerks. Down one aide are elegant, panelled offices. Here, with only an assistant, metres of a huilding that an electric fire and a faw occupies almost an entire block. Shoppers coming in

from the busy streets might find it early quiet. Tha menswear department, with its neat displays of everyday clothes, at least makes an effort. But assis-

tants outnumber customers. and there are no takers for the cheap hlouses hanging limply from their racks, or some garish plastic combs highlighted in a display case. Welcome to Harrods, Buenos Aires.

Beyond the plywood partitions surrounding the single, cramped trading floor lies a surprise. The pre-first world war store, empty and echoing, is almost perfectly intact. An atrium rises five storeys through the gloom to an oval glass dome. The bare floors are ringed by pristine Art Nouvsau balustrades. Strip away some 1970s mirror-glass here, some 1960s op-art wallpaper there, and it could still be 1914.

The store was born after the directors of Harrods scoured the globe for a place to create a counterpart to their London store. They settled on Buenos Aires, the blossoming, fashion-conscious "Paris of the South".

of narrow wooden cubicles, once home to countlass 1930s and 1940s Harrods catalogues for company, Mr Guillermo Diaz, chairman of Harrods (Buenos Aires) Ltd. is planning to recapture

some lost glory.
"We want to exploit the business and the name of Harrods in an intensive way in Buenes Aires and in all of Latin America," he says.
"We have been talking to European, US and Chilean retailers, some of whom are very interested in participating in the business."

Mr Diaz admits that the current operation is more symbolic than real, intended merely to ensure continuity of trading. But his hopes have been bolstered by a London high court ruling last January that there is no contract or licence in force to prevent Harrods (Buenos Aires) from dealing in the name in Latin America. "We will get this store up

and running first, then gradually look at markets in Chile and Brazil, then Ecuador, Colombia and Venezuela," he says. The company, owned since 1979 by Swiss and Italian investors is evaluating the possibilities "and we expect the project to be finalised shortly". a series of directors until people, oo longer has a words curiously familiar.



Harrods of Knightsbridge 1945, but the British com- department store and be has other ideas. The British company has lodged an appeal, which is due to be beard next year, and is steadily attacking its rival's Aires operation struggled on efforts to register the name in Latin America.

"The name Harrods is like the Crown Jewels to us," said a spokesman in London. "We will do what is neces-

sary to protect it."

pany aold the last remaining believes he can steal busishares in its southern sister in the 1960s and the two drifted apart. The Bueoos through successive political and economic crises, before dwindling to its current reduced circumstances in the 1990s. Talks on a reunion with Londoo foundered.

The two companies shared nos Aires, a city of 12m ago would doubtless find his

oess from the city's new sbopping malls and bypermarkets. He grows eloquent about

the economic transformation of Latin America and the tide of foreign capital flooding into Argeotina. The Harrods directors who approved the creation of the Buenos Mr Diaz is impatient. Bue- Aires store all those years

### Japan says it will intervene to back baht this week to over 15 per ate closely in the markets policies remain uncertain. surprising lack of interver Edgar Brown, senior vice

that it would intervene in Asian foreign exchange turmoil made this "necessary". The offer was made as the Malaysian dollar, or ringgit, the Indonesian rupiah and the Singapore dollar again

The Asian crisis also spilled over into the Brazilian stock market. The São Paulo stock exchange's Bovper cent at 11,138 by lunch-Editorial Comment, Page 6 | time, bringing the total fall

fell sharply.

cent, partly driven by fears where necessary". that the Brazilian real would become the next target for currency speculators. Brazil has stranuously denied devaluation rumours. Mr Thanong Bidiya, the

That finance minister, yesterday concluded a visit to Japan to win Tokyo's support. The currency has fallen 15 per cent since Thailand's decision to float the baht on July 2 After Mr Bidiya met Mr

Hiroshi Mitsuzuka, Japan'a finance minister, a senior Japanese official said both men had "agreed to co-oper-

"This includes Japanesa anthorities' intervention for

the Thai baht," be said. However, the Japanesa government refused to indicate what resources might he used for such intervention. And there was little sign that Japan had offered Thailand any coocrete support package to belo it overcome its financial problems.

Tokyo wants to show that it can provide regional financial leadership, but is reluctant to commit itself to firm action yet - particularly while Thailand's

are reluctant to offer any bank. form of help without a broader International Monetary Fund agreement and tight regional co-operation. Japanese officials yesterday said Thalland bad not requested financial support from the IMF yet. Ms Mineko Sasaki Smith.

economist at Credit Suisse First Boston in Tokyo, said: They are all waiting for someone else to take the lead and take action." Yesterday's fall

the ringgit to a 38-month low was prompted partly by the Kuper in London

It normally intervenes aggressively to support the currency, but traders said it seemed to have given up the fight. The ringgit closed at 2.6330 to the US dollar. The Singapore dollar hit a

30-month low of S\$1.4668 to the US dollar, but analysts said Singapore was comfortable with a weaker currency. because of the boost it would give exports. Additional reporting by

Geoff Dyer in São Paulo, and Gretn Steyn and Simon

Although the SET system and sellers' identity.

Visa also announced vesterday the first "transcontinental" SET trial, enabling shoppers in Germany to buy from two online shopping malls in Singapore.

### Win for warlord may be best for Liberia | White House facing

### Charles Taylor could win power by the ballot box after failing with the bullet

### **By Michela Wrong**

When Liberia's polling stations open today for the first elections in 12 years, few of those gneueing to choose a leadership for the traumatised West African state will be unaware of the day's chilling historical Charlea Taylor,

escaped convict turned warlord, may finally achievethrough the ballot box what he failed to achieve in a seven-year conflict that cost 200,000 lives, displaced half the population and devastated the economy. Even more ironically, that States (Ecowas), Abuja sent

triggering a revolt by his founded on Nigeria's belief

break of fighting. Mr Taylor, now tipped as destabiliaing tha entire

the leading contender among 13 presidential candidates, triggered the heginning of Liberia's collapse when ba invaded from Ivory Coast in 1989, bent on overthrowing Mr Samuel Doe, the Krahn president By the time his Gio and

Mano fighters had reached Monrovia and were committing atrocities against civilians, the biggest regional power, Nigeria, had decided to intervene. Under the umbrella of the Economic Community of West African outcome may be the best for in the Ecomog regional all concerned. Analysis have force Regarded by many dipwarned that a victory by lomats as a trend-setting anyone other than the pow- example of Africa policing er-hungry Mr Taylor risks itself, the operation was

supporters and fresh out- that Mr Taylor was a danger-

Seven years later, that fear has proved in part correct, with the Liberia factor discernible in strife in Sierra Leone, Gambia and Guinea. Nonetheless Nigeria, providing funding along with several western donors for the that elections take place.

Weariness has set in Keen to withdraw from a country seemingly doomed to eternal strife, Nigeria has rejected demands by most of the parties to delay elections that Liberia is clearly ill-prepared to stage. The polls were originally scheduled for May: now they are being held in the wettest

ous firebrand capable of Many villagers in the interior may be unaware an election is being staged. Others get their news exclusively from Mr Taylor's short-wave

radio station.

quarter of the population, camped as refugees in neighbouring countries, will be excluded. The actual electorate is a tiny 700,000. Security remains a problem. Despite warnings from Ecomog, electionsering has already turned violent in

sentatives. Running against Mr Taylor are two rival part of the year, when roads turn to mud and parts of the

areas controlled by Mr Tay-

lor, with his supporters

attacking rival party repre-

country become maccessible. Mandingo Ulimo party. Their campaigna are dwarfed by the slick professionalism of Mr Taylor, who can tap profits made exporting rubber, timber and iron. Should either win. Mr Taylor Between a third and a may reactivate his young fighters - a major challenge

Middle-class Liberians are pinning their hope on Ms Ellen Johnson-Sirleaf, a former United Nations official and one-time cabinet minister, the only woman in the race and regarded as the most aerious civilian contender. But as they cast their votes, Liberians could warlords: Mr George Boley, a decide it is wiser to give Mr leader of the Krahn tribe. Taylor what he wants rather and Mr Alhaji Kromah, than faca the frightening candidate for the mainly consequences of his ire.

16,000 troops needed to con-

### more patronage wars appointment battle - over

### By Bruce Clark

The approval of Mr Joel Klein as chief trust-buster at the Justice Department has cleared up one wrangle over who should police mergers, for an Ecomog force that hut even harder patronage wars over prized regulation says it has only 10,000 of the jobs may lie ahead.

Mr Klein, who has been involved in recent days in trying to head off a transatlantic trade war over Boeing's merger with McDonnell Douglas, was confirmed by the Ssnate on Thursday after fending off attacks on his telecoms policy. Senator Ernest Hollings, one of 12 Democrats who voted against him, remains sceptical and intends to "keep a careful watch" on an official likely to redouble his deterba once accused of 'rolling mination to win another Baby Bell ruling, Page 24

when faced with controversial telecoms mergers.

Mr Hollings Is the top-

ranking Democrat on the

Senate appopriations committee - which has the power to withhold funding from the Justice Department. Mr Klein won the grudging approval of his main Republican critic, Senator Conrad Burns, who doubted his soundness on many issues: radio ownership, the terms for local telephone companies to enter the long-distance market, and potential monopoly issues relating to the software company Microsoft Senator Hollings will not

be so easily satisfied. His failure to block Mr Klein is

Hundt as chairman of the Federal Communications Commission. Senator Hollings is rooting for Mr Ralph Everett, a successful lawyer who also enjoys the support of the congressional Black Caucus. But Washington observers believe the next FCC chief is more likely to be Ms Kathleen Waliman of the National Economic Council who like the present incumbent, is a protégée of Vice-President Al Gore. If the administration rebuffs Mr Everett, thia could exacerbate complaints among the Senate's Democratic minority that the

President cares less about

his own party than pander-

ing to Senate Republicans.

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TELECOM ITALIA S.p.A. Registered Office at 15 Via San Dalmazzo, Turin Corporate Headquarters and Secondary Office at 41 Corso d'Italia, Rome Share Capital L. 7,421,251,726,000, fully paid-in, consisting of 5,255,131,631 ordinary shares and 2,166,120,095 savings shares Entered under No. 286/33 in the Ordinary Section of the Company Register of the Court of Tunn Tax I.D. No. 00471850016

### **NOTICE TO STOCKHOLDERS**

### MERGER BY ABSORPTION OF TELECOM ITALIA INTO STET CHANGE OF COMPANY NAME FROM STET TO TELECOM ITALIA TRANSFER OF THE ABSORBING COMPANY'S REGISTERED OFFICE

#### Effective date of the merger and distinguishing characteristics of the absorbing company

Notice is hereby given that, as required under Article 2504 of the Civil Code, the last filing with the Company Register of tha Instrument of Marger of SIP - Sociatà Italiana per l'Esercizio delle Telecomunicazioni p.a., also known as Telecom Italia S.p.A., into STET - Società Finanziaria Telefonica - per Azioni was carried out on July 18, 1997.

Therefore, as set forth in the Plan of Merger approved on April 30, 1997 by the Stockholdars' Meetings of both companies, the transaction became effective as of that date, except for the areas covered by Sections 5 (dividend ranking data for the shares distributed upon exchange) and 6 (accounting and tax consequences) of Article 2501 bis. Consequently, the absorbed company ceased to exist and the name Telecom Italia S.p.A. was taken over by the absorbing company, which transferred its registered office to 15 Via San Dalmazzo, Turin. For accounting and tax purposes the merger became affective as of January 1, 1997.

Starting on July 21, 1997, the shares of the absorbed company will be delisted from the automated screen trading system of the Italian Stock Exchanges. At the sama tima, the shares of tha absorbing company will continue to trade under the new name Telecom Italia.

#### Exchange of the shares of Telecom Italia, the absorbed company, and replacement of the STET shares outstanding

As of July 21, 1997, the shares of the absorbed company, Telecom Italia, will be exchangeable for those of the absorbing company, in accordance with tha following ratios:

1.8 ordinary shares of Telecom Italia for every 1 ordinary share of STET (par value 1,000 lire, ranking for dividend as of 1/1/97);

1.72 savings shares of Telecom Italia for every 1 savings share of STET (par value 1,000 lire, ranking for dividend as of 1/1/97). As of the same date, the STET share certificates currently outstanding will be replaced with naw certificates bearing coupons No. 1 and following and the new company name Telecom Italia S.p.A. (ISIN codes: ORD IT0001127429; RP IT0001127437; RN IT0001127445).

From July 21, 1997 until September 5, 1997 exchanges of shares and replacements of certificates may be carried out at the following Company offices:

34 Via Bertola and 23 Via Belfiore, in Turin, and

41 Corso d'Italia and 189 Via Flaminia, in Rome, as well as

at the authorized banks listed at the bottom of this announcement or through Monte Titoli S.p.A. for the shares which it manages.

After September 5, 1997, share exchanges and certificate replacements may only be carried out in Turin at the Company offices listed above and in Rome at the Company office at 189 Via

In accordance with the agreements concluded with the absorbing company, INTERSIM has agreed to trade any fractional shares stemming from the exchange until September 5, 1997, insofar as this is necessary to allow the exchanging stockholders to round out to the next higher or lower integer the number of shares they are entitled to receive. These trades will be executed at the closing price for STET shares on July 18, 1997, through the abovementioned Company offices, authorized banks, and Monte Titoli for its members. After September 5, 1997, fractional shares may only be cashed in at the closing price on the last stock market day prior to the date when the exchange is made.

No charge will be incurred by the stockholders in connection with share exchanges, certificate replacements or any trade in fractional shares.

The newly-issued share certificates will be made available to the stockholders entitled to receive them through the Company office or authorized bank with which the original exchange or

As was the case for the STET shares outstanding prior to the merger, the new shares obtained as a result of the exchange may be deposited with Morgan Guaranty Trust Company of New York, 60 Wall Street, New York, N.Y. 10260, U.S.A., to obtain the issuance of ADRs listed on the New York Stock Exchange.

### Share capital of Telecom Italia S.p.A. after the merger

On July 18, 1997, a certification showing the amount of the new share capital of the absorbing company was also filed with the Company Register. The new share capital, which totals 7,421,251,726,000 lire, consists of

5,255,131,631 ordinary shares and

2,166,120,095 savings shares

all with a par value of 1,000 lire each.

The share capital has therefore been increased by 2,140,039,605,000 lire, equivalent to 1,420,819,510 ordinary shares and 719,220,095 savings shares. This amount also reflects the impact which the requests of stockholders to have their shares liquidated, following the amendments to the Bylaws approved on March 26, 1997 by the Stockholders' Meetings of STET and Telecom Italia, the absorbed company, have had on the share capital of STET (112,805 ordinary shares and 26,205 savings shares) and Telecom Italia (93,796 ordinary shares and 329,901 savings shares).

### Notice pursuant to Article 1/5 bis of Law No. 216 of June 7, 1974

As required under Article 1/5 bis of Law No. 216 of June 7, 1974 and CONSOB Resolution No. 10234/1996, notice is hereby given that wa were informed by the Ministry of the Treasury on July 18, 1997 that, following the capital increase of 2,349,420,791 ordinary shares and 13,477,353 savings shares carried out by the absorbing company to accommodate share exchanges. the interest held by the Ministry in the absorbing company has decreased to 44.71% of the ordinary share capital and 0.62% of the savings share capital, compared with 61.27% of the ordinary nary share capital and 0.93% of the savings share capital prior to the abovementioned increase.

### Notice pursuant to Article 10, Section 4, of Law No. 149 of February 18, 1992

As required under Article 10, Section 4, of Law No. 149/1992 and CONSOB Resolution No. 7835/1994, notice is hereby given that, following the change in company name from STET to Telecom Italia S.p.A., with the concurrent transfer of the Company's registered office to 15 Via San Dalmazzo, Turin, as of July 18, 1997 the parties to the voting agreement among the stockholders of SIRTI - Società per Azioni are Pirelll Cavi S.p.A. and Telecom Italia S.p.A.

> TELECOM ITALIA S.p.A. Guido Rossi Chairman of the **Board of Directors**

**AUTHORIZED BANKS** 

<u>in italy:</u>

New York:

The usual authorized banks.

Outside Italy: London:

Banca Commerciale Italiana S.p.A. - 42/46, Gresham Street - London EC2V 7LA

Credito Italiano S.p.A. - 17, Moorgate - London EC2R 6AR Banca di Roma S.p.A. - 87, Gresham Street - London EC2V 7NQ

Banca Commerciale Italiana S.p.A. - One William Street - New York, N. Y. 10004

Credito Italiano S.p.A. - 375, Park Avenue - New York, N.Y. 10152

Banca di Roma S.p.A. - 34, East 51st Street - New York, N.Y. 10022 Morgan Guaranty Trust Company of New York - 60, Wall Street - New York, N.Y. 10260

Paris:

Banca Nazionale del Lavoro S.p.A. - 26, Avenue des Champs Elysées - 75008 Pans

Frankfurt am Main:

Istituto Bancario San Paolo di Torino S.p.A. - 55, Eschersheimer Landstrasse - D60322 Frankfurt am Main

Lavoro Bank A.G. - 21, Talacker - 8001 Zurich Zurich: **Buenos Aires:** 

Banca Nazionale del Lavoro S.A. - 40, Florida - 1005 Buenos Aires

 $Tim_{res}$ 

#### **NEWS:** UK

### Speculators drawn by prospect of more windfall payouts

## Cash pours into mutuals

By Christopher Brown-Humes and Wolfgang Münchau in London

Building societies, mntu- frenzy in some branches". ally-owned home loans and ing frenzy".

A total of £1.84bm (\$3bm) poured into the UR mutuals - more than double the £878m attracted in May, according to the Building Societies Association.

Mr Adrian Coles, BSA director-general, denounced the defining moment in the the speculators, saying they history of building societ-were disrupting service. He ies," said one executive.

beef up to

pre-crisis

Sales of

said societies were under It emerged yesterday that for windfall proceeds and "intense pressure" from car- J.P. Morgan is advising Bir- accounts switched from socisaid societies were under pethaggers, and press speculation had "created an atmo-

The figures come amid

institutions, uncertainty over the future attracted their biggest cash of Nationwide, the UK's biginflow for 11 years last gest remaining building socimonth as carpetbaggers hoper, which may be forced to ing for windfall payouts convert to a bank if rebels, besieged branches in a "feed-seeking election to its board on a pro-conversion ticket, triumph. The outcome of the vote, to be announced next Thursday, is being watched by other societies who fear a domino effect if Nationwide

does convert. "July 24 could go down as

mingham Midshires, a medium-sized society, over its sphere akin to a feeding options, including conversion or flotation.

The society, which has been at the centre of intense speculation for the last 18 months, reckons it has mutual - with a windfall attracted 300,000 carpetbaggers so far this year, in Meanwhile, M4, the Bank spite of increasing its mini- of England's main indicator mum opening balance to \$2,500.

Bradford & Bingley, a committed mutual with a £500 minimum balance, has opened half a million new accounts this year, with about half believed to be carpetbaggers.

The remaining mutuals the Bank of England, the are proving a popular home UK's central bank.

eties which have converted

to banks, including Halifax,

Woolwich and Alliance &

Savers see it as a 'no lose'

situation because they gen-

erally get better rates with a

Meanwhile, M4, the Bank

of broad money supply, rose

to its highest level for seven

years, a warning sign of

future inflation and a possi-

ble trigger for further inter-

annualised rate of 11.6 per

cent in June, according to

The indicator rose by an

possibility on top.

est rate rises.

### Universities set for boost

UK NEWS DIGEST

British universities are set to enter an era of unparalleled expansion if the government backs proposals for a mass system modelled on the best in the US and Japan, to be published by Sir Ron Dearing's committee on higher edu-

In setting out a vision of higher education over the next 20 years, the committee is to call for a lifting of the cap on student numbers, introduced by the Conservative government in 1993 in order to stop public expenditure on universities from spiraling out of control. At the same time, the committee is also expected to ask the government to "plug the funding gap", which is forecast to rise to £3.2bn (\$5.3hn) by 2000.

It wants to see a reversal of the planned public expenditure cuts in higher education, inherited from the previous administration, which would see the funding fall by 6.5 per cent over the next three years. If these cuts take place, the committee will warn, they would mean that the level of funding per student would have shrunk by over 50 per cent since the mid-1970s.

But while taxpayers and students - who are expected to face tuition fees - will be asked to contribute to the grow-ing cost of higher education, big business is unlikely to be asked for extra funds. Simon Turgett, London

#### HUMAN RIGHTS

#### Indonesian aircraft deal attacked

The government yesterday faced a strong attack from one of its own backbench MPs over its decision to allow the completion of the controversial sale of 16 Hawk aircraft to

Ms Ann Clwyd, a former shadow cabinet member, said the refusal to revoke the £160m (\$267m) contract between British Aerospace and Indonesia sent "completely the wrong signal to a government with an appalling human

It was also attacked by Mr Menzies Campbell, the Liberal Democrats' foreign affairs spokesman. "There is absolutely no justification for the UK to be supplying arms to a regime whose suppression of internal dissent and its aggression towards the people of East Timor is so well documented," he said.

The formal appouncement of the Hawk decision has not yet been made. However, the Financial Times has learnt that ministers have decided to allow the deal to proceed, in part because of legal advice that there are "formidable obstacles" in the way of revoking the £160m contract between British Aerospace and the Indonesian govern-Robert Peston, London

#### **SOCCER**

#### Recompense agreed over stadium

The English Sports Council has agreed that millions of pounds in compensation will be paid to Wembley for the profits the publicly-quoted leisure group will lose during the construction of the new national stadium.

The project, which will be partly financed with £120m (\$200m) of lottery money, will take up to three years to complete. During that period, Wembley would expect to make between £20m-£20m from events at the stadium.

The estimates are based on the most recent figures, which show that the group made a profit of £14.1m from the Wembley complex last year, most from the stadium

Government rules forbid the use of lottery funds for profit-making enterprises so the money for Wembley's compensation will come from the additional £120m the National Stadium Trust - the non-profit making body which will hold the stadium's lease - plans to raise in private loans. The trust will eventually pay back the loans from income generated by the stadium. However, the council will not be factoring into its compensation payments any growth in profits Wembley might enjoy during the reconstruction period. Patrick Harverson, London

### MCDONALD'S LIBEL TRIAL

### Company abandons legal pursuit

McDonald's, the fast food chain, has abandoned legal efforts to halt distribution of critical leaflets or to collect damages it was awarded after a record-breaking libel trial. The decision not to pursue either matter casts further doubt on McDonald's "victory" in its 313-day libel case against two environmental activists in spite of the verdict in its favour. The deadline to seek en injunction against further distribution of "What's Wrong with McDonald's?"

disaster for McDonald's because its business practices were closely scrutinised in court. Its legal costs exceeded £10m\_(\$16.70m). The US company and its UK subsidiary were awarded 580,000 in damages last month, but the High Court judge found that some of the defendants' criticisms were justified. Ms Helen Steel and Mr David Morris, who conducted their own defence, said they could not afford to pay the damages. McDonald's said yesterday the

### ■ INVESTMENT FUNDS

The investment funds industry warned yesterday that the government's delay in announcing a new policy on for-algn income dividends (Fids) was damaging the UK fund management industry.

The Association of Unit Trusts and Investment Fund said companies planning to establish investment funds in the UK had been put off by the government's proposal to abolish Fids from April 1999. The government is now

ket the UK as a centre for investment funds", Autif said. It added that any reform to the proposed abolition of Fids should take into account the needs of investment funds. Fids allow companies and funds to distribute income which has been earned and taxed abroad to investors without incurring UK tax. The abolition of Fids will mean the double taxation of oversess earnings for many companies and funds. Roger Taylor, London

### ROYAL MINT

### Warning over first £2 coin

almost immediately when it becomes legal tender in November because the Royal Mint is printing millions too few to satisfy projected demand, the slot machine industry warned yesterday.

machine industry, said half the 50m coins to be launched by the Royal Mint would be used in the country's 460,000 amusement machines. Much of the remainder would go into vending machines, resulting "in a complete absence of £2 coins from circulation almost as soon as it is launched", according to Mr John White, head of law and

administration at Bacta.

The amusement machine industry has spent at least fillim on converting machines to accept the new coins. The Royal Mint said it was difficult to estimate demand. "If we have made en error, it would be in anticipating demand. But if there is a shortfall, we'd produce as many Scheherozade Daneshkhu, London as possible."

## Conditions are right, says Sinn Féin chief

levels

By Maggie Urry

A recovery in retail sales of beef to pre-BSE crisis levels, has been halled as a significant point in the return of consumer confidence. Sales plunged after the UK government said in March last year that "mad cow" disease could be passed to humans.

According to figures from AGB, the retail research group, sales of fresh and frozen beef in shops in the four weeks to June 29 were 0.6 per cent above the same period of 1995. They were 32 per cent higher than in June last year.

Mr Gwyn Howells, marketing director for the Meat and Livestock Commission, said: "A lot of hard work has gone into restoring confidence in British beef and these figures are a testament to the efforts of the whole industry."

Sales had been recovering slowly and steadily for the last 12 months, tha MLC said. These figures did not, bowever, represent a com-

plete recovery.
Catering sales were still below their pre-crisis levels. although the recent declsions by leading burger of British beef and by a number of local authorities to put it back on school dinner menus were encouraging, the MLC said.

The rise in sales in part reflects efforts by retailers to promote beef, through cut-price offers and marketing schemes. The MLC said the average price of beef, across the range of cuts, was 574.5p per kg in June this year, 3.3 per cent lower than in June 1995, and 1.2 per cent lower than in June last

However, beef prices at livestock markets were beginning to rise and this could work through to prices in shops.

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### By John Murray Brown, in Dublin

There was mounting hope of a new Irish Republican Army ceasefire last night, after the release of a statement from Mr Gerry Adams, the Sinn Féin president, thet he had approached the IRA's Army Council and expected a response "without delay". Sinn Féin is the political wing of the IRA.

It was clear earlier in the day that something was afoot when Mr Adams issued a joint statement with Mr John Hume, leader of the moderate nationalist Social Democratic and Labour party, suggesting that the conditions were right for "inclusive talks in a peaceful

Mr Adams is thought to have held a series of meetings with the IRA earlier this week. The critical event in the epparent change of mood on the republican side was the government's refusal to bend to pro-British Unionist demands for arms decommissioning during talks, which is anothema to the IRA.

leader, emerging empty banded from the UK prime ing the peace process if it cerns about decommission-Street on Thursday may well government position. party had already settled for have convinced the IRA that Speaking after a meeting what was on offer. it could rely on the government to stand up to Unionist

blandishments. But yesterday's developments make next week's meeting of the multi-party Stormout talks no less crucial. The parties are due to vote on a joint British-Irish document on arms decommissioning. If agreement is reached, substantive talks

seat on the decommissioning issue, the UUP could now find itself accused of scuttl-

could start in September.



The sight of Mr David Mo Mowlam, the Northern Ireland secretary, with Ray Trimble, the Ulster Unionist Burke, the Irish foreign minister yesterday

minister's office in Downing refuses to endorse the joint ing. suggesting that the

of the Anglo-Irish Intergovernmental Conference in London, Ms Mo Mowlam, the Northern Ireland secretary, and Mr Ray Burke, the Irish foreign minister, said the document would remain

Earlier this week, in an article in the Belfast-based Irish News, Mr Adams had taken a conciliatory line, repeating that "there will be Having been in the driving no peace unless Unionists are not a part of shaping that peace". Little mention was made of Sinn Féin's con-

When the government published its correspondence with Mr Martin McGuinness, Sim Féin'a chief negotiator, it was clear to outsiders that there was no longer any

requirement for arms to be handed in during negotia-

tions, as unionists demand. Disarmament is now merely an "aspiration" with the government stressing that any handover would have to be voluntary and could not be prescribed in advance as the unionists

### Peace prospects may be more than mirage

Sinn Féin/IRA cease fire brings to Northern Ireland hope and trepida-tion in equal measure. In the narrow sense that any pause in the mindless terrorism which scars the province is welcome, this latest move should, and will, be

he prospect of another

But it raises the inevitable question. Has republicanism really concluded that now is the moment to break with its historic commitment to violent struggle? Or is this, as many of Ulster's unionists will suspect, another tactical ploy, just the latest cynical swerve in a strategy in which the bullet and the ballot box are ruthlessly rotated to maximum advantage.

For further information of secret intelligence reports swamp the desks of the few months. please contact senior officials in London who have treated with Gerry Adams and his colleagues in Sinn Fein/IRA through and beyond the last abortive ceasefire. But quiz them on the organisation's true inten- itical settlement in the prov-Marlon tions and they will admit it ince must preserve tha is impossible to say with any

> What they will tell you is given their consent. Beyond that, the experts add, there



Philip Stephens

their intent. Who knows, though, the relative strength of the various factions within the Sinn Féin/IRA leadership? Even if Mr Adams and Mr McGuinness do want peace, no one can say that the hawks with

and Semtex for more than a the slim chance that a dura-Whet happens when republicanism has to confront head-on - as it surely must if Mr Adams does get to the negotiating table the reality that any pol-

unionist veto over a united

Ireland?

whom they share the repub-

The terms in which the that the republican move- ceasefire is framed - and ment has a collective Sinn observed - may provide Féin/IRA leadership. In some clues. This time, we other words, Mr Adams should remember, both govwould not have issued his ernments have demanded wise would that be? No one statement unless his terror- that any cessation must be need close their eyes to the ist commanders had not observed in deed as well as possibility that peace is still word. That means the target- a cruel mirage. But there is ting, the surveillance, and probably no other serious are clear indications that Mr the punishment shootings,

ceasefire, this time have to

But even if those terms are

met, there will be no certainty. As Sean O'Callaghan, the former terrorist commander who is now among republicanism's harshest critics, has pointed out, it may be that Mr Adams sees a ceasefire as a purely temporary expedient to bolster his organisation's attempt to elbow aside the SDLP and establish Sinn Féin/IRA as the pre-eminent party of Irish nationalism. If that is the case, the objective also will be to drive a new wedge between the British govern-

None of these theories can be discounted. But that The answer is that we can-not know for sure. Vast piles to put away their Armalites are cause enough to dismiss ble peace could yet be in prospect. The British and Irish governments have set the conditions for Sinn Fein/IRA's participation in the multi-party talks, If Adams should be allowed to sit alongside the representatives of the loyalist

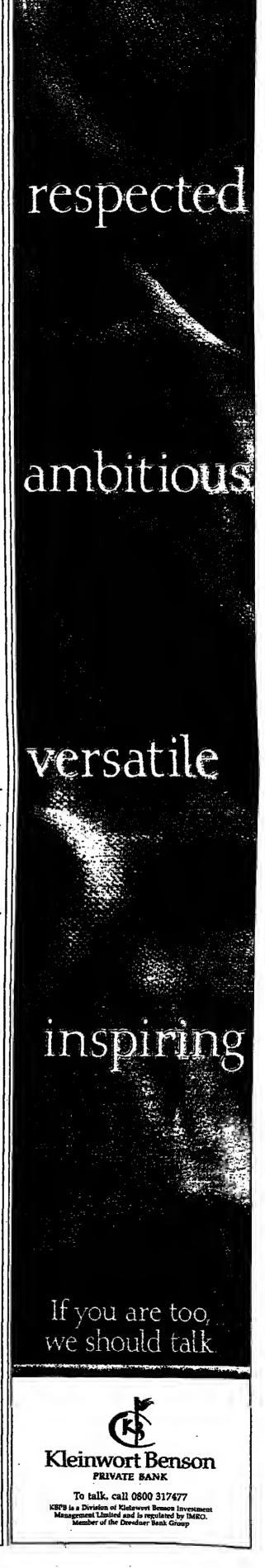
ment and unionism

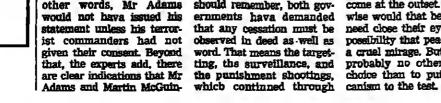
Unionism then has to make its choice. The easiest response would be to walk away, to prejudge the outcome at the outset. But how choice than to put republi-

leaflets or to seak an order for costs passed on Thursday.

The trial was widely interpreted as a public relations trial had achieved its purpose.

Mr Jeremy Corbyn, a Labour MP, yesterday called for "sanctions" against McDonald's and for the removal of multinationals' right to sue for libel. Clay Harris. London Fids delay 'damaging sector' understood to be rethinking its position. "The uncertainty is undermining our attempts to mar-Britain's first £2 (\$3.34) coin could go out of circulation Bacta, the trade body representing the amusement





## The new US economy

of growth and, aside from a recession that hardly warrants the name, the upturn has been sustained since the early 1980s. The Dow Jones Industrial Average continues to rise to unprecedented heights. So has the US returned, uniquely, to the golden era of steady growth, low inflation and low unemploy-

Maybe it has: growth was an annualised 5.9 per cent in the first quarter and was still above the long-term trend of 21/4 per cent in the second; unemployment is at the lowest levels since 1973; and inflationary pressure is weak.

The economic cycle has lengthened, but that does not mean it has come to an end: while lower inflation has spread across the world, stable growth has not. Europe and Japan have suffered sluggish economies, which may even have helped the US. The strong dollar also means that import prices have been falling over the last two years. As other economies pick up, inflationary pressures may increase everywhere.

Yet some suggest that the US has a "new economy" that can grow faster than before, without price and wage pressure. Behind this, they argue, are globalisation, which makes supply and demand more fluid, and new technology, which brings big productivity gains.

But why should the US perform differently from other tral bank, which has made countries for these reasons, since they apply just as much elsewhere? Indeed, small economies should feel the effects of globalisation still more, since they are so exposed to international competition.

#### Productivity gains

The US is largely a service economy. Proponents of the view that the economy is transformed argue that new technology brings large, unmeasured increases in service sector productivity. This is indeed underestimated in the official statistics, as Mr Alan Greenspan, chairman of the Federal this must also be true in other advanced countries.

tivity gains in the service sector do not mean the old rules are irrelevant. Data for productivity and output are intimately related. If productivity is growing faster than official numbers suggest, so must output be. The economy's growth is simply

worker insecurity as the princlpal reason for subdued wage pressure. Even though unemployment is low, people are ner vous about their jobs. More people are on short-term contracts than in the past and many have accepted lower wage growth in return for greater joh security. Mr Greenspan has pointed to the number of people who leave their jobs voluntarily as a good indicator of worker security. This has been low indicating insecurity - but it has begun to creep upwards.

#### Job insecurity

may well resume soon.

If one reason why the US performance has been different from that of others has been joh insecurity, another has been the superior performance of its cenfewer mistakes than its European and Japanese counterparts. Under Mr Greenspan, the Federal Reserve coped well with the effects of the stock market crash in 1987 and again with the recession of the early 1990s. In 1994 it began tightening interest rates as a pre-emptive measure

The US has enjoyed stable growth because it has successfully exploited the opportunities created by the global environ-ment of lower inflation. It has done so because it has a flexible labour market and an astute central bank. This combination has brought the economy back to the happy conditions of the

Yet things can still go wrong again. One obvious risk is exces Moreover, concealed produc- sive complacency about the risks of inflation. Another is financial exuberance, driven by the view that everything has changed forever. If everybody becomes convinced that low inflation and steady growth will continue, they are almost cer-

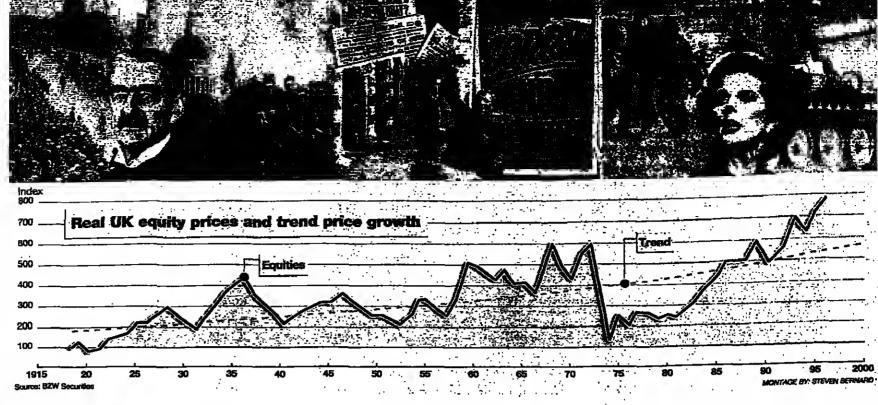
The US economy is flying high. above its measured trend. It has entered the seventh year What matters for inflation is not the actual rate of growth but the difference between actual output and the full employment level. At present however, the rate of unemploy ment is below the level that nor mally sets inflation rising.

Mr Greenspan has pointed to

Mr Greenspan told Congress last March that "job insecurity cannot suppress wage growth indefinitely", but what is "unknown is when a more normal pattern will resume". The percentage of households saying that jobs are plentiful has risen, as have measures of consumer confidence. The normal pattern

against inflation.

tain to come to an end.



## Between greed and fear

John Plender wonders if the bull market is about to make way for one of the bear variety and considers the tell-tale signs

upboria reigned in the markets earlier this week, with equity indices in the US and Europe hitting all-time peaks. Anyone who proffered a pessimistic view risked being trampled in the bullish stampede. Yet the question cannot be dodged: was this the bull's last roar hefore a new hear market?

By historic yardsticks equities have been overvalued for quite some time. The extent of the overvaluation in the UK emerges from the accompanying chart from the annual BZW Equity-Gilt Study. This shows the deviation of share prices from their longrun growth path after adjusting for inflation.

At the end of last year share prices were 44.7 per cent above trend. A recalculation by Mr Vishal Pathak of BZW for the Financial Times this week, based on the movement in the FT All-Share index to end-June, shows the figure rising to 49.7 per cent after the big surge since the start of the year.

not quite stratospheric. The the late 1960s bull market was 64.9 per cent. In 1936 it reached

terms of the century's excesses, Contrary to the conventional wishold equities for the long term rates. when prices are in dangerous

anyone who bought at the top in 1968 saw no real capital appreciation from their investment before

Indiscriminate huying and holding is no strategy, then, for investors in their 40s and 50s who are putting money aside for retirement, Timing matters, But in this case, bow do you tell when a market is about to turn? Since markets reflect human hehaviour, there is no easy answer. But a number of broad

generalisations can be made. The first is that stock and bond markets tend to go up when economies are weak, leaving surplus liquidity to buoy up asset prices. They go down when recovering economies make greater demands on the pool of global liquidity to finance increased output.

Because the present economic cycle has been relatively unsynchronised, with the main economies moving out of step, there has been plenty of liquidity about. Combined with declining As overvaluations go, this is inflationary expectations, this has permitted lower real interest comparable figure at the peak of rates on bonds since around 1992. which is traditionally helpful to

But if the present bull market become more scarce as the leadranks only number three in ing economies operate closer to capacity. Such market tightening the chart none the less has an is then usually reinforced by govimportant message for investors. ernment policy. The authorities posed to the dollar by higher Gertake action to prevent inflation dom, it does not pay to buy and by raising short-term interest

Sometimes markets turn down immediately. The Tokyo market Those who bought at the peak began its descent in 1990

before they recouped the real Japan started to raise rates. value of their capital. Similarly, On other occasions the market responds only after a delay. In 1929 the US Federal Reserve raised the discount rate in August. The crash did not come

until October. Fiscal policy, meantime, has an important bearing both on overall demand and corporate profit-ability. Since profits underpin stockmarket valuations, this can have a vital influence on market turning points.

The end of the long 1970s bear market in the UK was signalled, for example, by the introduction of stock appreciation relief for companies that were being squeezed by inflation. But it took several weeks for the stock market to twig that the relief was

urning points are often accompanied by signs of international monetary friction, or changes in the pattern of global capital flows. According to the economic historian Charles Kindleberger, credit strains in London caused British and other foreign banks to call in outstanding loans to American stockbrokers just before the 1929 crash. The withdrawal of Japanese

row between Mr James Baker, then US Treasury secretary, and the Germans over the threat man interest rates. This helped in investor expectations that may already have set in. caused the 1987 crash.

and market response can usually

ingredient to establishing a mar- economy operating beyond full ket turning point: human psychology, or more crudely, the balance between greed and fear.

At the peak of a bull market, investors forget about market valuation and buy for short-term capital gain. Many borrow to do so. In a highly leveraged market, euphoria can quickly turn to panic as loans secured on stocks and shares are called in.

To a British investor it will be immediately apparent that many of the prerequisites for a bear market are already in place. British monetary policy is on a course of progressive tightening. The dividend tax changes of Mr Gordon Brown, the chancellor, in the recent Budget seriously detract from the portfolio merits of equities for the big investment

The reduction in the net dividend yield is particularly important because dividends account for around two-thirds of the total return to equities over long periods. As for corporate profits, those in the tradeable goods sector of the economy are already under immense pressure as a result of sterling overvaluation. Question marks over the future of European monetary union are also a danger signal.

course of 1987 was followed by a been soaring. Yet in practice the excitement is confined to the big capitalisation stocks that are satellites of Wall Street. In the real beartland of UK equities, where the prices of second-line stocks precipitate the dramatic change have been weak, a bear market

This leaves us with the broader The lag between policy change question of what happens to US equities, which lead the world's in 1936 had to wait until 1959 from the moment the Bank of be explained by one final, crucial capital markets. With the US

capacity and the economic impetus building up across the world. there will inevitably he more pressure on global liquidity in future, leading to higher bond yields. The next interest rate move from the US Federal Reserve will, by common consent, he upwards. So, too, with Germany and Japan.

Complacency rules on Wall Street, where the conviction that US business has worked miracles of productivity bears a marked resemblance to 1929. Meanwhile. friction still hovers over the US-Japan relationship. It is not difficult to think of reasons for Japanese capital flows to change direction.

A downturn thus cannot be far away. Whether it turns into a serious bear market depends on whether the real economy remains robust in the face of precipitous falls in the markets.

On the evidence of recent years, a bigger threat comes from imprudent banking than sharp market adjustments. Moreover there is nothing to compare with the atrocious policy framework that produced the nightmarish bear market of the 1970s. The post-communist world is a benign

The tricky element of the equation is the extent of leverage - or borrowing - in the market. This inevitably becomes clear only after the event. But given the very powerful demographic presaures pushing the market upwards, the most likely outcome is a short, sharp valuation adjustment, followed in due course by a resumption of the

#### r Gerd Joos, a pharmacist from Ludwigshafen in his 50s. is a traditional German investor. The bulk of his money is in cash and bonds. When he did dabble in shares, in the late 1960s, he lost 80 per cent

of his money on a speculative

Recently he has changed his attitude. He describes the 4-5 per cent available from bonds as "hardly the kind of returns to get excited about". As a result, on advice from his bank manager, he bought Siemens shares at around DM75 last autumn. By this week, he was sitting on a 53 per cent profit.

Mr Joos is not alone. Private investors all over Europe are discovering the delights of owning shares. Low toterest rates and soaring share prices are persuading savers to abandon their traditional caution and trust their futures to equities.

The fact that warket indices are breaching, or close to, roundnumber highs - 5,000 for the number of European investment

## The lure of easy money

### European investors are developing quite a taste for shares, writes Philip Coggan

and 4,000 for the Dax - is both a symptom of, and part of the fuel hehind, investors' enthusiasm for atocks. Few can resist the lure of easy money, and as they move into the market their money drives prices higher. "It's a self-feeding mechanism," says Mr Joe Rooney, global strategist

at Lehamn Brothers. Many European investors have long been suspicious of the stock market, preferring their money to be safely invested in bonds and deposits. They have not suffered to the same extent as British investors from high inflation, which has eroded the real value of fixed income investments.

But the trend has started to change. By the end of 1996, the

cent since the beginning of the 1990s, according to the Fédération Européenne des Fonds et Societies d'Investissement. Net nurchases have set further records this year, according to Lehman Brothers.

The enthusiasm has spread across the Continent. Last year alone, the value of investment funds in Finland rose by 123 per cent, in Greece hy 58 per cent and in Italy by 55 per cent.

Typical of the trend has been

Spain, where the value of investment funds has risen by Pta4,700bn (£18.5bn) in the first half of the year. "Spaniards are used to donhle-digit interest rates; they are not used to such low rates," aaya Ms Monica per cent on the first day." Morales, a senior broker at

They think they must do something better with their money." In Germany, the fashion seems to have been given a push by the

privatisation of Dentsche Telekom, which was extensively marketed. Enthusiasm for new issues carried over to ProSieben, the TV company, which saw its offer 50 times subscribed and its shares rise to a 30 per cent firstday premium, as private inves-tors scrambled to huy stock.

Spanish investors are also on the lookout for flotations. "Private investors treat new issues as money for jam," says Ms Morales. "They apply for a bloated amount of ahares in order to get the allocation they want. The abares then go up 30 Part of the reason for the Norbert Walter, chief economist

Mr Richard Wastcoat, an executive director of Fidelity, the fund management group, the company's investors are much younger in Germany, where the average age is 36, than they are in the

UK, where the average is 54. Mr Jörg Brock, a strategist for private clients of Commerzbank in Germany, says that "the vounger generation is inheriting money from their parents, whose savings, unlike those of previous generations, have not been

wiped out by war or depression". Publicity about the forthcoming "pensions crisis" in Europe may have raised doubts in savers' minds about governments' ability to provide for them in their old age. According to Mr

FTSE 100 index, 8,000 for the funds had increased by 73 per Société Générale in Madrid. enthusiasm for equities may be a of Deutsche Bank, the accumu-Germany amount to below 6 per cent of gross domestic product, npared with about 60 per cent to the US and more than 90 per cent in the IIK.

> There is still an element of caution. Many investors are not huying shares directly but are opting for tailor-made products from hanks, which eliminate some of the risks of share ownerahip. "Guaranteed funds are very popular." says Mr Stephane Hild, chief executive of SocGen Investment Management. "Basically yon get 100 per cent of your money back and, say, 80 per cent of the rise in an index such as A cautious approach has been followed hy Mr Herbert Meyer, a

> the CAC-40 over the period." 70-year-old retiree who lives

near Cologne in Germany. He has bought investment honds from a savings bank. The bank adds an annual bonus to the value of the bond, rather like a with-profits policy" in the UK.

Even this low-risk investment has risen in value from DM65 to DM89 in just nine months. But Mr Meyer is still unwilling to huy ahares directly, having seen friends lose money in the markets. "I am not so wealthy that I can afford to lose a few thousand marks," he says.

Such attitudes illustrate that there is still a long way to go before Europe catches up with the equity culture of the US. There, 36 per cent of households own mutual funds, whereas in Europe, most countries struggle to top the 10 per cent level. But if markets keep rising, and savers continue to get low returns elsewhere, it will not be long before Europe looks more like Wall Street.

Additional reporting by Daniel

### Optimistic about opera house

From Ms Liz Harwood. Sir, I too was present at Monday's gala performance marking the closure of the Royal Opera House. However, as on many occasions in the past, on reading Clement Crisp's article "Hollow farewell at Covent Garden" (July 16), I have doubts as to whether we attended the same event.

My perspective admittedly was different - sitting in the cobbled mazza of Covent Garden among a highly enthusiastic and diverse crowd of some 4,000 who had tha opportunity to watch the event free of charge on tha big screen. Perhaps if Mr Crisp climbed

the atairs (soon to be transformed into escalators in the exciting redevelopment programme) he might discover a rather different side to the Opera House. In the amphitheatre and slips seating hundreds he would find an audience of arts lovers who do not have "a remoteness from the life

of the greater part of the nation", some of whom pay as little as £4 for opera and £1.50 for ballet. Even at lower levels within the auditorium the "preposterous prices" do compare favourably with a typical price of a Premiership football match or an evening in a wine bar.

It is true there have been enormous inefficiencies within the management of the House in the past. However, the new facilities have been specifically designed to enable speedy and less labourintensive work practices in the future. And it is well known that with the arrival of air conditioning the management is committed to wider television coverage.

I and many, many others look

forward to the new House with

great optimism and excitement.

Liz Harwood, 161 Haif Moon Lane.

### LETTERS TO THE EDITOR

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Published letters are also available on the FT web site, http://www.FT.com

### Argument detracts from logic of Emu

From Mr Peter Ludlow.

Sir, David Buchan's valedictory piece on France ("An exception in Europe", July 12-13) was, like everything he writes, full of interest and insight. It was, therefore, all tha more regrettable that he gave fresh credence to the idea that "Paris launched the European Economic and Monetary Union" to offset the imbalance introduced into the Franco-German relationship by German

lt is an argument that simply does not hold water for several reasons, including by no means not only that it is wrong, but that B-1000 Brussels, Belgium

Council in 1988. The European Council meeting which endorsed to prepare for stages 2 and 3, took place in Madrid in June 1989. Few peopla at the time expected the Berlin wall to come down, lat alone Germany to unite. The real problem with Studies,

least, chronology. The Delors It distracts attention from committee, which planned Emu, long-standing pressures in the was set up by the European European political economy which made Emu seem a logical development in 1988, and which the aubsequent report, decreed make it a near certainty sooner that Emu stage 1 should begin in or later, however much the presmid-1990 and approved the idea of ent French government may be an intergovernmental conference tempted to make a dash for "freedom".

Peter Ludlow. director. Centre for European Policy Buchan's argument is, however, Place du Congrès I,

### Irish punt is the exception

From Dr Dan McLaughlin. Sir. It is not true, as Mr Persaud states (Letters, July 9) that all European exchange rates are currently within 3 per cent of their ERM central parities, so enhancing the attractiveness of setting Emu conversion rates at such parities.

The clear exception is the Irish punt, which is some 11.5 per cent above the weakest ERM currency and almost 11 per cent above Its central rate against the D-Mark. Consequently, conversion at ERM central rates would

involve a significant punt devalu-This carries inflationary risks in what is a very open economy. and such risks are compounded by the strength of economic growth in Ireland: real gross national product grew by a

three years to 1996, and on cur-

rent avidence growth this year

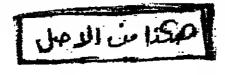
cumulative 25 per cent in tha

will be 7 per cent or more, bringing the cumulative rise to more than 33 per cent.

Although inflation is only 1.5 per cent and wage growth is capped by a three-year agreement there are signs of asset price inflation which would be exacerbated by a fall in Irish interest rates in 1998, in the run up to Emu.

So, if Emu goes ahead, will Ireland be the exception in setting a conversion rate different from its central rate, or will the Irish government have to revalue the punt in order limit the size of the ultimate devaluation?

Dan McLaughlin, chief economist. ARN-Amro Hoare Govett, ABN Amro House. International Financial Services Centre. Dublin 1,



No longer a one-man brand rhausen, chief executive of Deutscha Bank, was killed by a car homb, the Frankfurt stock market faltered before

The Versace label may struggle to survive the death of its founder, writes Alice Rawsthorn

esuming its bull run. Like Deutsche's shares, it had ters. The energetic irrever-ent image of Mr Richard make their brand seem more isen by the end of the day. Herrhausen was one of the Branson is inseparable from most prominent financiers that of his Virgin airline, as of his generation and an is Mr Warren Buffett's desire in different ways. influential figure in German politics. Yet there was never from Berkshire Hathaway, any doubt that an able suchis investment group. cessor would be found to replace him, nor that one of

the morning

after Alfred Her-

fashion designer, was as

brutal as Herrhausen's. But

the commercial impact on

his company is far greater,

even though it is far smaller

than Deutsche Bank. Ver-

sace not only founded his

business, and designed the products bearing its name, he literally embodied it.

Anyona who buys a Versace

auit chooses to do so

"Gianni Versace is one of

because of his personality.

agement consultancy. "The brand identity is all about

Versace himself, his rock-

star friends and his milieu."

attained such high recogni-

tion that public perceptions

of their companies are

infused with their charac-

and Christie's, the

world's two leading

fine art auctioneers,

laid down the gavels in their main London salerooms and

closed for a long summer

On first inspection, trada

could hardly be hetter.

Christie's has announced

global sales for the first half

of 1997 of (\$930m), its highest

for seven years. And in the

past six weeks, Sothehy's

auctions in London bave

brought in more than £130m.

with a Van Gogh landscape selling for £8.8m, the highest

price recorded in Bond

Street since 1990. It was all

very reminiscent of the glory

days of the late 1980s, when

art seemed to be every rich

But behind the temporary

frenzy there is deep concern

threat.

Other entrepreneurs have

Yet the nature of the fashion industry means that the Enropa's higgest banks relationship between brands would survive his death. ... and the public personae of designers, have a cerebral their figureheads is excepappeal stemming from their The murder this week of Gianni Versace, the Italian tionally close.

People might fly Virgin because it is cheaper than other airlines or the in-flight massages sound tempting, rather than because of Mr Branson's antics. Similarly, Berkshire Hathaway investors may be enticed by its impressive share price performance, rather than by joining Mr Buffett at an Omaha Royals baseball game before its annual general meeting.

the few brands known all over the world," says Mr Purchasing a costly item of designer-branded clothing Peter Wallis, a partner of SRU, the London-based manis different. Everyone needs clothes, but not expensive £8,000 on a Versace frock or Instead, ha reinterpreted £120 on annglasses embla-zoned with hia glitzy Medusa medallions if they

desirable than their rivals Designars trigger that folksy all American ethos Gucci and Prada, the longestablished Italian leather makers, now evoke a casual, contamporary aleganca. Issey Miyake and Rei Kawakubo, the Japanese designers, have a cerebral

experiments with textile technology, as does the young Austrian, Helmut Lang. Chanel conjures the classic French chic once personified by Coco Chanel, and recently modernised by Karl Lagerfeld. Yves Saint Laurent is renowned for the innovations with which he redefined the modern woman's wardrobe in the 1960s, even though he has been a recluse for over a decade. Gianni Versace could not

claim any stylistic firsts, or technical feats - other than a flair for using minimal as much flesh as possible. - the mini skirts popularised by Saint Laurent in the 1960s, or the slip dresses The commercial success of revived by John Galliano in Gianni Versace, and other the 1990s - in a vivid palette fashion designers, is deter- and opulent details that



Turlington, the stars of

George Michael'a Freedom

video, to appear at a fashion

show finale lip-synching the

Photogenic celebrities

were bombarded with free-

bies. When Elizabeth Hur-

ley, then a B-list actress.

needed a dress for the

premiere of her boyfriend,

Hugh Grant'a movie, she

knew Versace would lend

one. The paparazzi close-ups

song's lyrics.

expressed his extrovert character. He also provad extraordinarily adapt at drumming up publicity.

In the early 1990s, when other designers complained that tha newly famous supermodels were too expenother designers' innovations aive and were diverting media attention from their clothes, Versace paid thenunprecedanted fees of \$10,000 to Naomi Campbell, Cindy Crawford, Linda Evangelista and Christy of her cleavage between Hurley'e career and produced pages of free publicity for Versace. Famous fashion photogra-

phers, such as Richard Avedon and Mario Testino, filmed Versace advertising campaigns featuring pop stars such as Madonna, Jon Bon Jovi and Elton John. who posed ohligingly in the front row of the shows.

Magazines ran features on the lavish lives of Gianni and Donatella, his peroxided sister, among the Picassos and Lichtensteins in their \$6m Miami mansion and handbags. \$7m Manhattan townhouse. where the Elton John suite was furnished by the artist, Julian Schnabel. The singer reciprocated by dedicating a room to Donatella in his Berkshire mansion inspired by Elizabeth Taylor's role in the film Cleopatra.

To his detractors, Versace and his designs were gaudy, overblown and vulgar; but to devotees, they were warm, generous and vibrant. **Fashion** designers have always sold to the nouned riches, but most prefer to present their clients as being more refined. Versace. the son of a Calabrian dress maker, was ntterly onembarrassed about flaunting

gilded safety-pins revived the fruits of his success, and his customers revelled in his

> Mike Tyson is reported to have spent \$150,000 at the Versace boutique in Las Vegas before his first light with Evander Holyfield there. Elton John usually orders one of everything from the men's collection, as well as a couple of womeo's dresses for drag. At the other end of the spectrum. Essex shopping streets and Miami's South Beach are filled by Donatella-looka likes clutching medallioned

> y huying into the exuberant Versace aesthetic, these people helped his company to increase wholesale turnover from L620hn in 1990 to L1,705bn (\$975m) in 1996 and pre-tax profits from L26bn to L175bn. The tation in Milan and New

York next spring. Other fashion brands have survived the loss of their founders, but most struggled for a while, as Chanel did until Karl Lagerfeld's arrival in the mid-1980s and Gucci before Tom Ford's more recent appointment. The exception was Christlan

Dlor, who died as suddenly as Versace when he suffered a heart attack after choking on a fishbone in 1957. Yves Saint Laurent, his 21-yearold assistant, unveiled an acclaimed debut collection for Dior, but he was dropped a few seasons later when his lconoclastic designs offended Dior'a conservative

The Versaces are fortunate in that Donatella, who assisted Gianni for more than a decade, shares her late brother's flamboyant sensibility and has the same star-studded names on speed dial. She now seems set to succeed him as chief designer, while their elder brother, Santo, continues to take care of the finances as president.

Yet eveo Donatella - : mother-of-two whose first comment to her bushand when their hotel room rocked in a Los Angeles earthquake was "Paul, Paul, my lfacel creams! My creams!" - will find it tough to follow a hrother who turned his own personality into the company's greatest

The flotation plans have gone on ice while Donatella and Santo try to rebuild the business without Gianni. But if the Gianni Versace group had gone public before Tuesday's murder, its ahares - unlike those of Deutsche Bank - would almost certainly not have

### London falling out of the picture

Antony Thorncroft says EU rules are harming the art market don. "If everyone says the



leading participant in the antiques trade, second only to Naw York, is under London's dominance at 2½ per cent on works of rested on two entrenched art imported from non-EU attributes - the expertise of countries, with the tax its dealers end its auction scheduled to rise to 5 per cent in 1999. This is still houses, and the lack of restrictions on the movelower than in other EU counment of works of art in and tries but it is proving out of the country. The enough to deter some non-European collectors from Swiss owner of a Picasso painting knew ha could sell sending works of art to Lou-

financial and legal red tape. This is now changing. The nearer £600m. drive from Brussels for harthroughout the European atarting to discriminate the US. Union is chipping away at against London. Many art London's position as an entrepol With turnover esti- the Middle East and Asia are mated at about £2bn the UK reluctant to let officialdom. still accounts for almost 70 per cent of European trade It is dealing with bureauin art and antiques, but cracy, as much as the cost, with minimal trade in art to weaknesses are eppearing.

it in London with no tedious

In 1995 the UK was forced send antiques to unfettered to impose value added tax New York for disposal. The UK art trade, both

auction houses and dealers, has become worried enough about the situation to form the British Art Market Federation and to appoint a Christie's diractor, Mr Anthony Browne, to lohhy for it in Brussels. His task is to persuada other European governments that, by adoptdon for sale. Last year such imports fell from filbn to ing the UK approach of and 4 per cent. unrestricted trade, Europe It is not so much the extra as a whole can nourish an monisation of tax and law financial burden that is art market to rival that of

He is gaining soma support in France, where the government recognises that hureancracy has virtually killed off Paris as a centre. But persuading countries which persuades them to give up tax revenue for some

uncalculable gain will be difficult.

On top of VAT, Brussels is now threatening another burden, droit de suite, which gives a resale royalty to artists and their heirs stretching back 70 years. It is in force in many EU countries. And in a drive for harmonisation the UK is being put under pressure to bring in a levy of between 2 per cent

The problem with such a tax is that it is difficult to have established salerooms administar and hardly and offices throughout the affects most artists, applying only to works that are resold for more than £800. It is estimated that 75 per cent of the money raised in France goes to the heirs of just six artists, the hardly impoverished descendants of Picasso. Matisse, Braque and so on.

The UK's freedom from droit de suite has undoubtedly been a factor in boosting sales of German expressionist artists in London.

But if the UK accepted the

tax, vendors would simply

send their paintings to New

York for sale.

The impact of VAT and droit de suite will be mainly felt by London dealers trading at the top end of the market. Over the past 20 years the hig auction houses world. Sotheby's and Christie's can nicely calculate the most remunerative place to send an antique for auction.

"The art market is very sensitiva, and depends on perceptions," says Mr George Bailey, managing director of Sotheby's in Lon-

market in London is eroding. it will erode." Dealers certainly cannot

afford to be sanguine. Seventy per cent of the treasures sold hy Mr Giuseppe Eskenazi, the leading London dealer in oriental art, come from abroad and about 95 per cent are exported. He is now considering decamping to New York, where he held a first successful exhibition in May. "I have to employ an extra person because of all the new paperwork and I get nothing for sale or return from ahroad now." Only senti-

ment keeps him in London. Snch sentiment is under great stress. Around him in Bond Street the old London antiques scene is disappear-ing rapidly. One of the great dealers, Wildanstein, has New York, keeping only an office in London; long established Old Master dealers, such as Agnews and Col naghi's, are leasing out their Bond Street frontages to fashion shops and trading from the back of their premises. Declining trade over the past seven years, and the high rentals offered by fashion houses, are persuasive

factors behind this trend. Mr Chris Smith, the heri tage secretary, is sympathetic to the pleas of the art trade. But the government must decide whether it is worth risking continuous skirmishes with its European partners over an issue that affects a select few. If London loses its domi-

nance, however, tourism and scholarship will also be hit. And Europe will have lost a

### One murder too many

The killing of a councillor may be a turning point for Basque terrorism, says Tom Burns

f the death of my son serves to end this evil, then I welcome it," says the mother of Miguel Angel Blanco, the town councillor kidnapped by Eta and found dying a week ago with two hullets in his head.

In ber grief, that comfort may be at hand. For the first time, after nearly 30 years of abductions, bombings and shootings, Basques have come out forcefully against the terrorists in their midst. country's industrial co-oper-After some 800 deaths attri- atives. Herri Batasuna campaign, they have said basta - enough.

The mood has changed swiftly and perceptibly. It of moderate nationalists. confounded those who believed that a society subjected to endemic violence had learnt to live with those

The tide began to turn on July 1 when police scored a co-operation between the notable success against Eta. They rescued a prison officer held captive by the terrorists for nearly 18 months in a damp underground cell. 502 Eta prisoners in jails in The emaciated figure of Mr or near the Basque country. Jose Antonio Ortega Lara shocked public opinion. Ten days later Eta struck back hy targeting Blanco. But its latest ontrage breached whatever tolerance the terrorist group still enjoyed. It is too early to say

whether this swell of emotion will fael a peace process. There is no sign that Rta is considering a unilateral ceasefire that would pave the way for a settlement. But the civic revolt against violence may be a step on that path.

A pro-Eta rally has been nanned today in San Sebastián, the graceful turn-ofthe-century seaside city that has long been a stronghold of Serri Batasuna, the political wing of the separatist gunmen. Significantly, the rally has been banned not hy Madrid - the oppressive, occupying power, in Eta pargovernment. This is run by moderate oationalists and has wide-ranging home-rule powers, including responsibility for security.

inconceivable had not bundreds of thousands marched through the streets of Bilbao, the Basque country's main city, demanding Blanco's release. His murder triggered a wave of pent-up repugnance against the terrorists that caught hy surprise the twin camps of Basque nationalism: the mainstream Basque Nationalist party and Herri Batasuna, which share the broad

Public pressure, as vigils and requiems for Blanco took place throughout the week, has forced the Natiooalist party leadership to end attempts at constructiva engagement with the radical nationalists. The watchword

aim of self-determination.

isolate Herri Batasuna. In Bilhao, San Sebastián and across the Basque comtry, this is already happening with often-menacing implications. Herri Batasuna offices have heen stoned and husinesses run

by supporters hoycotted. Yesterday the Nationalist party reached agreement with other parties to end Herri Batasuna's control of the town hall of Mondragón, nerve centre of the Basque any other party on the council, had obtained the post of mayor thanks to the support

The Nationalist party says it will no longer work with Herri Batasuna in tha 75member Basque parliament who perpetrate such hor- where the moderates hold 22 seats and the radicals 11.

> In a notorious example of two nationalist camps, both parties had sponsored a motion calling on the Madrid government to regroup

his was the same demand that Eta made when it held the prison officer captive and when it subsequently kidnapped Blanco. By murdering the councillor "Eta has ended all possibili ties of regrouping the prisoners", says Mr Iñaki Anasagasti, the Nationalist party's spokesman in the

In a telltale sign of the changed mood, three jailed Eta members - two serving 30-year sentences - have publicly condemned Blanco's murder, calling on Eta to end its "armed struggle". According to San Sehastián-born Mr Jaime Mayor Oreja, the interior minister in Madrid's Popolar party government, the eventual pacification of the Basque country rests on the ability to channel nationalist opinion against the gunmen. "Eta has survived because

of the weaknesses and divisions among democratically minded Basques who only wish to live in peace," he says. "In order to suffocate the culture of violence. there must be an implacable civic and political opposition to Herri Batasuna.

Sectarian confrontation in the Basque country is a real possibility as this strategy is played out. As it seeks to isolate the terrorists and their supporters, the Nationalist party leaders in the Basque government must steer a narrow path between sustaining the momentum of the revolt against Eta and maintaining public order,

But the stage has been set for a Basque solution to a Basque problem. The fanatical world of Basque radicalism has heen confronted with what it had never now among the moderate before encountered: oppronationalist politicians is: brium of its fellow Basques.

Eli Broad has a vision of restoring the heart of downtown Los Angeles, says Christopher Parkes

### The man to save LA

haps blinded, by a vision of a Los Angeles embellished and restored as an exemplary 21st century

In place of today's dead-bynight downtown district, where Victorian era carvedhrick and stucco huildings crumble alongside a modest crop of underused glass towers, he imagines a buzzing commercial and cultural

is the exception

Its primary axis will be a limestone concert hall, Gehry, the Santa Monica architect basking in acclaim for his Guggenheim Museum in Bilbao, Spain. The longstalled project will he named after Walt Disney. another local boy made

Mr Broad, the founderchairman of SunAmerica, a for the multicultural city of pensions and insuranca group with \$46bn of assets under management, stabs at focal point where cultures count Lalaland as a potential a map showing eight can mingle in amenities planned or proposed developments strung through the city's centre. For him, the sketched-in Disney Concert in suburbia. Hall - a sports arena, hotel, museum, emercaniment cenBeaders who are replacing versity, was persuaded last of the old rifts between the when Mr Michael Eisoer, and do the decent thing.

owners in Latin America,

know about their collections.

Angales is now merely better, he says.

Thanks to its status as the market and LA's role as the main US centre for Pacific nation's trading gateway. trade, focus of the multimedia industries and entertainment, it is a rallying ground for 21st century busipesses, he claims.

designed by Mr Frank All the jobs lost by defence industry contraction and recession have heen per cent of their customers replaced. The proliferation of in southern California. Mr smaller companies - argu- Broad points out. The impliahly the source of most wealth creation in the US today - and LA's hewildering demographics, mark line of four scratchy blobs it out as a potential model the future. Such a place, Mr Broad insists, cries out for a would be ridiculous to dissuch as sports arenas, thea-

> Mr Broad is one of a new generation of civic-minded mater Michigan State Uni-

tres and concert halls that

are not economically feasible

r Eli Broad ael Moneo-designed replace-seems a man ment for St Vibiana's Roman which has been eroded by dazzled, par- Catholic cathedral rattled to the merger of financial instinear-ruin by successive tutions or – in the case of mer dealmaker who entered industrial linchnina such as the regalia of civic majesty. Hughes Aircraft and North-"No good city evar rop Grumman - swallowed achieved greatness without a by out-of-town raiders. Mr centre," he says. And if Los Broad sees a revival of the city's business centre as the "good", it is certainly getting inevitable result of economic recovery, the size of the local

> San Francisco'a Wells Fargo, which swallowed First Interstate and closed its LA headquarters, and Bank of America, which bought Security Pacific in 1998, both have more than 60 cation is that LA is far too important to be left to branch offices. Ha sketches a

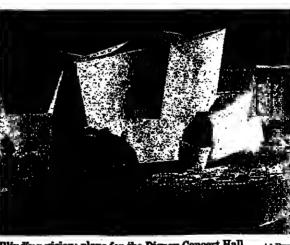
on his pad to represent London, New York Tokyo and LA: it is his view that it world-class financial centre. Mr Broad, 63, who helped found LA's Museum of Contemporary Art and spent. \$20m endowing a management school at his alma

year to champion the Disney Hall. He was convinced by public life three years ago as the city's mayor.

The duo, both New York-ers by birth, have since squeezed about \$70m from local companies and individnals to set the scheme back on track. They are already looking forward to the first concert, planned for January

Seeding the fund-raising enlisted local supermarket mogul Mr Ron Burkle, the Atlantic Richfield oil group and Times Mirror, publisher of the Los Angeles Times, So. far, harely a penny has emerged from Hollywood. Oddest of all, not a bean has been seen from Walt Disney In spite of Broad's futuris-

region's leading industry is still locked in the tribal antagonisms of the past. "Unfortunately, the enter- \$50m to build Disney Hall most significant achievetainmant industries – despite the opportunity to Lillian, made in 1987. How-become involved in tha ever, his nephew, Roy, now a that the long-moribund projmainstream - prefer to stay member of the group board, with one another in one was no favourite of his group," he says. He is refer uncla, and the differences Disney to hite the hullet, set ring to the lingering effects ware sharpaned further its family squabbles asida.



with \$5m each, they have Blinding vision: plans for the Disney Concert Hall

chairman, fired Mr Ronald Jewish west side and down-Miller, Walt's son-in-law. town Los Angeles.

Disney, which keeps its Old antagonisms also appear to be at the root of family - and as much of its the Walt Disney group's business affairs as possible reluctance to join LA's new civic leaders. Although its founder belonged firmly on tha Wasp sida of the tracks, the family and even the comtic ontlook, it appears the pany are believed to be split Mr Eisner likes to call over the issue of a memorial "Mickey's Millennium"

> The original endowment of was a gift from his widow

under wraps, is believed to be reviewing its position. With no significant donations booked since April, Mr Broad could use a lift if the hall is to be ready for what

Money apart, Mr Broad's ment may yet prove to have been to resurrect the belief ect will go ahead. Ha has raised tha moral pressure on

### FINANCIAL TIMES WEEKEND JULY 19/JULY 20 1997

MEAT AND LIVESTOCK

85.550 -FURB 96.850 96.275 9.329 69.475 -0.100 69.850 69.200 3.389 71.575 - 71.700 71.275 1.87 73.600 -0.100 73.625 73.175 768 75.525 -4.200 75.550 75.125 248

88.175+0.075 88.450 87.600 66 86.225+0.800 81.550 84.550 2.129 71.150-1.025 72.500 70.950 215 70.500-0.850 - 70.600 3

LONDON TRADED OPTIONS

## Coffee ends week on firmer note

1,400

MARKETS REPORT

By Gary Mead

Bargain hunters yesterday helped world coffee prices recover slightly from their "bearish" week – with a rally in New York helping to push up prices in London. On the London Interna-

tional Financial Futures Exchange coffee sagged miserably on opening. In the morning session the September contract opened \$5 lower and weakened to \$1,570 a tonne, down another \$20. But by the day's close the Liffe September contract was \$5 stronger at \$1,600.

Specialists said the bounce-back came after a boost to coffee futures in early trading on the Coffee, Sugar and Cocoa Exchange in New York - enticing London dealers to follow in its wake. On the CSCE the September arabica contract rose 4.55 cents hy midday, to 165 buyers sensing that a price of below 160 cents might prove a bargain.

Exchange several base met- slumped. als enjoyed a husier-thannormal Friday. The price for three-months copper hit and tember future on the Interthen accelerated through \$2,300 a tonne, closing at \$2,316, up \$36, in spite of an later trading, 8 cents a barrel increase in LME warehouse lower than the previous stocks this week of 42,025 close. Overhanging the martonnes. Aluminium also per ket was the imminent formed strongly, up \$28.50 by resumption of Iraqi deliv-

the close to \$1,607.50 a tonne. The market shrugged off some analysts suggested yesnews that Mr Paul O'Neill, terday that those deliveries chief executive of Alcoa, the might not come onstream as world's higgest aluminium rapidly as once anticipated.

|                        | Latest,<br>prices | Change<br>on week | Year<br>ago | High     | Low      |
|------------------------|-------------------|-------------------|-------------|----------|----------|
| Gold per troy oz.      | \$324,35          | +4.10             | \$384,35    | \$369.65 | \$319.15 |
| Silver per troy oz     | 256,50p           | -2.50             | 324,30p     | 330.10p  | 253.30p  |
| Aluminium 99,7% (cash) | \$1567.5          | +26               | \$1450      | \$1688.5 | \$1418.5 |
| Copper Grade A (cash)  | \$2447.5          | +19               | \$1979.5    | \$2704   | \$2317.5 |
| Leed (cash)            | \$638.5           | 18.5              | \$785.5     | \$725.5  | \$604.5  |
| Nickel (cash)          | \$6685            | -145              | \$7075      | \$8220   | \$6495   |
| Zine SHG (cash)        | \$1522.5          | +41               | \$990.5     | \$1522.5 | \$1044   |
| Tin (cash)             | S5410             | -105              | \$6220      | \$6050   | \$5375   |
| Cocoa Futures Jul      | £1001             | ·25               | 2993        | £1131    | €847     |
| Coffee Futures Jul     | \$1585            | -193              | \$1565      | \$2470   | \$1232   |
| Sugar (LDP Row)        | \$271.90          | +5.70             | \$915.50    | \$311.00 | \$265.50 |
| Barley Futures Sep     | 277.50            | +1.00             | £102,60     | €90.50   | 276.00   |
| Wheat Futures Sep      | 282.00            | +6.50             | £110.15     | 2102.20  | 275.50   |
| Cotton Outlook A Index | 81.55c            | +0.65             | 79.95c      | 81.55c   | 78.150   |
| Wool (64s Super)       | 420p              | -1                | 430p        | 448p     | 387p     |
| Oll (Deput Disset)     | 518 23v           | -C 22             | C10 23      | C24 05   | C18 05   |

LONDON METAL EXCHANGE

| (Prices from Amalg   |               |           |
|----------------------|---------------|-----------|
|                      | Cash          | 3 milis   |
| Close                | 1567-69       | 1595-96   |
| Previous             | 1550.5-51.5   | 1577-78   |
| High/low             |               | 1606/1578 |
| AM Official          | 1553.5-54     | 1579-80   |
| Kerb close           |               | 1807-07.5 |
| Open Int.            | 266,362       |           |
| Total daily turnover | 66,205        |           |
| E ALUMINIUM AL       | LOY (S per to | nne)      |
| Close                | 1407-12       | 1435-37   |
| Previous             | 1403-08       | 1432-35   |
| High/low             |               | 1441/1428 |
| AM Official          | 1400-03       | 1425-28   |
| Kerb close           |               | 1440-45   |
| Open int.            | 5,172         |           |
| Total daily turnover | 2,084         |           |
| E LEAD IS per ton    | ne)           |           |
| Close                | 838-9         | 648-9     |
| Previous             | 627.5-8.5     | 639-40    |
| High/low             |               | 649/643   |
| AM Official          | 635.5-6       | 646-6.5   |
| Kerts close          |               | 648-8     |
| Open int.            | 36,936        |           |
| Total dath number    | 80 999        |           |

| 1,200 Jan<br>Source: Outseason<br>Lige wareh           | ouse st  |   | Previous High/low AM Official Kerts close Open Int. Total delly turnover                           | 6710-20<br>6870-75<br>50,549<br>15,297                           | 69                 |
|--|--|---|--|--|--------------------|
|  | Tombés.  | Change  | III TIN (5 per torme)  |  |                    |
| Aluminium Aluminium alloy Copper Leed Noticel Zinc Tin | 654,375<br>56,800<br>181,150<br>117,550<br>54,018<br>415,300<br>11,875 | -2,550<br>-80<br>+7,900<br>n/c<br>-156<br>-2,950<br>-65<br>edee/4 close | Ciose Previous High/low AM Official Kerb close Open int. Total daily turnover III ZiNC, special hi | 5405-15<br>5375-85<br>5385-90<br>14,122<br>5,245<br>gh grade (\$ | 54<br>54<br>5<br>5 |
|  |  |   | Close  | 1522-23  | 1:                 |
| producer, w  | as plan  | ning to   | Previous   | 1508-09  | 1:                 |
| Progressi w  |  |   |  |  |                    |

write to the LME and the International Primary Aluthem to look for methods of cents a pound, with the avoiding manipulation of the interest coming both from aluminium market. LME aluspeculators and commercial minium stocks have fallen 30 per cent this year, to 654,375 tonnes, and Mr O'Neill said there bas been some specula-On the London Metal tion over why stocks have

2nd Position Futures (\$ per tonne)

Brent crude oil prices slipped back, with the Sep-Exchange quoted at \$18.61 in eries in August, though

|                        | Latest<br>prices | Change<br>on week |          | High     | 17<br>Law |
|------------------------|------------------|-------------------|----------|----------|-----------|
| Gold per troy oz.      | \$324,35         | +4.10             | \$384,35 | \$369.65 | \$319.15  |
| Silver per troy oz     | 256,50p          | -2.50             | 324,30p  | 330.10p  | 253.30p   |
| Aluminium 99,7% (cash) | \$1567.5         | +26               | \$1450   | \$1688.5 | \$1418.5  |
| Copper Grade A (cash)  | \$2447.5         | +19               | \$1979.5 | \$2704   | \$2317.5  |
| Lead (cash)            | \$638.5          | 18.5              | \$785.5  | \$725.5  | \$604.5   |
| Nickel (cash)          | \$6685           | -145              | \$7075   | \$8220   | \$6495    |
| Zine SHG (cash)        | \$1522.5         | +41               | \$990.5  | \$1522.5 | \$1044    |
| Tin (cash)             | S5410            | -105              | \$6220   | \$6050   | \$5375    |
| Cocoa Futures Jul      | £1001            | -25               | 2993     | £1131    | €847      |
| Coffee Futures Jul     | \$1585           | 193               | \$1565   | \$2470   | \$1232    |
| Sugar (LDP Row)        | \$271.90         | +5.70             | \$915.50 | \$311.00 | \$265.50  |
| Barley Futures Sep     | 277.50           | +1.00             | £102.60  | €96.50   | 276.00    |
| Wheat Futures Sep      | 582.00           | +6.50             | £110.15  | £102.20  | 275.50    |
| Cotton Outlook A Index | 81.55c           | +0.65             | 79.95c   | 81.55c   | 78.150    |
| Wool (64s Super)       | 4200             | .1                | 430p     | 448p     | 387p      |
| Oil (Brent Blend)      | 518.23x          | +0.22             | \$19.23  | \$24.95  | \$16.95   |

| Phoes from Amaig     |                |            |
|----------------------|----------------|------------|
| ALUMENTUM, 95        | 3.7 PURITY (S  | per tonne) |
|                      | Cash           | 3 milhs    |
| Close                | 1567-69        | 1595-96    |
| revious              | 1550.5-51.5    | 1577-78    |
| Ect/low              |                | 1606/1579  |
| AM Official          | 1553.5-54      | 1579-80    |
| Cerb close           |                | 1807-07.5  |
| Open Int.            | 266,352        |            |
| lotel daily turnover | 66,205         |            |
| ALUMBRIUM AL         | LOY (S per tor | nne)       |
| Close                | 1407-12        | 1435-37    |
| Previous             | 1403-08        | 1432-35    |
| hgh/low              |                | 1441/1428  |
| AM Official          | 1400-03        | 1425-28    |
| Certs close          |                | 1440-45    |
| Open int.            | 5,172          |            |
| fotal daily turnover | 2,084          |            |
| LEAD IS per ton      | ne)            |            |
| Close                | 838-9          | 648-9      |
| Previous             | 627.5-8.5      | 639-40     |
| tigh/low             |                | 649/643    |
| M Official           | 635.5-6        | 645-6.5    |
| Certs close          |                | 648-9      |
| Open int.            | 36,936         |            |
| otal daily turnover  | 89,888         |            |
| NICKEL (5 per t      | ormel          |            |
| N                    | ESSAL DO       | 6790-800   |

| M Official          | 6870-75      | 6810-20    |  |
|---------------------|--------------|------------|--|
| M Official          | 0070-73      | 6740-50    |  |
| Open Int.           | 50,549       | <b></b>    |  |
| otal daily turnover | 15.297       |            |  |
| TIN (S per tonnel   |              |            |  |
| Close               | 5405-15      | 5455-60    |  |
| Previous            | 5375-85      | 5430-35    |  |
| ligh/low            |              | 5460/5435  |  |
| W Official          | 5385-90      | 5439-40    |  |
| Certs close         |              | 5440-50    |  |
| Open int.           | 14,122       |            |  |
| otal daily turnover | 5,245        |            |  |
| ZINC, special his   | gh grade (\$ | per tonne) |  |
| lase                | 1522-23      | 1526-27    |  |
| revious             | 1508-09      | 1510-11    |  |
| ligh/low            |              | 1529/1510  |  |
| M Official          | 1513-14      | 1514.5-15  |  |
| Cerb close          |              | 1524-25    |  |
| pen Int.            | 96,502       |            |  |
| otal daily turnover | 37.091       |            |  |
|                     |              |            |  |

| Close                             | 1522-23        | 1526-27   |
|-----------------------------------|----------------|-----------|
| Previous                          | 1508-09        | 1510-11   |
| High/low                          |                | 1529/1510 |
| AM Official                       | 1513-14        | 1514.5-15 |
| Kerb close                        |                | 1524-25   |
| Open Int.                         | 96,502         |           |
| Total daily turnover              | 37.091         |           |
| E COPPER, grade                   | A (\$ per toru | 7e)       |
| Close                             | 2448-49        | 2303-04   |
| Previous                          | 2403-05        | 2270-71   |
| High/law                          | 2406/2400      | 2316/2285 |
| AM Official                       | 2415-10        | 2293-94   |
| Kerb close                        |                | 2315-16   |
| Ones by                           | 144.834        |           |
| Open Inc.                         |                |           |
| Open Int.<br>Total daily turnover | 60,632         |           |

| Satt   | Day's<br>change High | Low    | Yel   | Open<br>int |
|--------|----------------------|--------|-------|-------------|
| 109.60 | +0.90 110.00         | 108.00 | 492   | 4,192       |
|        | +0.95 108,70         |        | 101   | 3,502       |
|        | +0.95 108.40         |        | 5,007 | 22,011      |
| 106.00 | +0.75 107.00         | 105.50 | 54    | 1,477       |
| 105.80 | +0.85 105.50         | 105,50 | 52    | 1,237       |
| 104.45 | +0.70 105.40         | 103.20 | 932   | 7,872       |
|        |                      |        | 8,977 | 45,477      |

| PRECIOL         | JS ME    | TALS    |       |
|-----------------|----------|---------|-------|
| Prices aupplied |          |         |       |
| Gald(Tray ca)   | \$ price | £ equiv | SFr o |

|   | Gold(Troy az)  | \$ price      | £ aquiv   | SFr equity |
|---|----------------|---------------|-----------|------------|
|   | Close          | 324.10-324.80 |           |            |
|   | Opening        | 323,60-324,00 |           |            |
| • | Morning fox    | 323.45        | 193.31    | 478.71     |
|   | Afternoon fix  | 324.20        | 193,70    | 480.30     |
|   | Day's High     | 324,75-325,15 |           |            |
|   |                | 322.50-322.90 |           |            |
|   | Previous close |               |           |            |
|   | Loco Ldn Me    | an Gold Lend  | Sing Rade | Ws USS     |
|   | 1 month        |               |           | 3.61       |
|   | 2 months       |               | months .  | 3.87       |
|   | 3 months       |               |           |            |
|   | Silver Fox     | p/troy o      | 12. US    | cta equiv. |

# 58.30 -1.11 59.80 58.00 13,712 22,500 58.56 -0.96 57.80 58.30 3,168 9,222 55.70 -0.92 59.50 55.30 729 3,585 56.40 -0.79 55.40 55.20 1,465 8,894 56.31 -0.08 56.30 56.30 491 5,364

#### GRAINS AND OIL SEEDS Precious Metals continued B GOLD COMEX (100 Troy oz.; \$/troy oz.) M WHEAT LEFFE (100 townes; £ per towne)

**COMMODITIES AND AGRICULTURE** 

|         | Day's            |         |          |         | Com      |          |         | Deg's   |        |         |         | Cose    |
|---------|------------------|---------|----------|---------|----------|----------|---------|---------|--------|---------|---------|---------|
| Price   | change           | High    | <b>L</b> | Apl     | int      |          | price   | change  | lägb   | -Can    | You     | tot     |
| 328.9   | +4.9             | -       | _        | 4       | -        | Sep      | 82.00   | -       | _      | -       | -       | 239     |
| 329.6   | +4.9             | 330.9   | 323.2    | 50,150  | 98,459   | How      | 84.00   | -       | 83.75  | 83.50   | 165     | 3,757   |
| 330.3   | +49              | -       | -        | 2       | 4        | Jan      | 86.25   | +0.25   | 86.35  | 85.50   | 102     |         |
| 331.3   | +5.0             | 332.8   | 324.7    | 815     | 11,296   | Mar      |         |         |        | 87.50   | 110     | 1,030   |
| 333.3   | +5.0             | 334.3   | 326.8    | 10,260  | 45,956   | May      | 90.25   | +0.25   | 91.25  | 89.50   | 25      | 729     |
| 335.5   | +50              | 334.5   | 330.£    | 323     | 10,399   | Total    |         |         |        |         | 462     | 7,532   |
|         |                  |         |          | 2,50    | 219,005  | = W      | HEAT CE | T (5.00 | Obu m  | rs cent | 4600 t  | (sheu   |
| NUN     | NYME             | X (30 ) | frey o   | L; \$/m | y oz)    | .fret    | 328.50  | A3 50   | 700 MA | 127.00  | 480     | 561     |
| 412.8   | 44.1             | 409.5   | 405 B    | 11      | 356      | See      | 336.00  |         |        |         |         |         |
|         | +56              |         |          |         | 9,722    | Dec      |         |         |        |         |         |         |
| 394.3   |                  | 395.0   |          |         | 1,882    |          | 360.25  |         |        |         |         |         |
| 393.3   |                  | _       | -        | 5       |          |          | 361.00  |         |        |         |         | 570     |
| - Amira |                  |         |          |         | 12,106   | Jat      |         |         |        | 360.00  |         | 3.538   |
|         |                  |         |          |         |          | Total    |         |         |        |         |         | 31,551  |
| VINU.   | MYN MYN          | EA (7U  | 1 ricy   |         |          |          | MZE CE  | 7 /5 mm |        |         |         |         |
|         | +6.00            |         |          |         | 3,914    |          | _       |         |        |         | _       |         |
| 81,35   | +5.50            | 151.75  | 158.00   |         |          | 301      | 270.25  |         |        |         |         |         |
| 59.85   | +5.50            | -       | -        | 3       | 20       | Sep      | 252.50  | +5.25   | 255.00 | 247.00  | 16,326  | 64,366  |
| 58.35   | +5.50            | -       | -        | 2       | 107      | Dec      | 254.00  | +5.5    | 257.00 | 248.25  | 45,543  | 141,587 |
|         |                  |         |          | 646     | 4,978    | Mar      | 261.25  | +5      | 264.50 | 256.00  | 2,428   | 28,241  |
| R CC    | MEX 5.           | OM Tor  | 4 02 · C | erds to | v and    | May      | 265.50  | +4.25   | 285.00 | 263,75  | 523     | 5,824   |
|         |                  |         |          |         |          | 34       | 269.50  | +4.75   | 270.50 | 267.50  |         | 8,757   |
| 424.2   |                  |         |          |         | 5738     | Total    |         |         |        |         | 70,901  | 260,230 |
| 413     |                  |         |          | 29.233  |          | E 8/     | PLEY L  | IFFE (1 | 00 tor | nes: £  | per tor | YIO)    |
| 427.Q   |                  |         |          |         | 61,522   | _        | _       |         | _      |         | _       |         |
| 4312    |                  | 440.5   |          |         | 15,314   | Sep      |         | +0.25   |        |         |         | 23      |
| 434.9   |                  |         |          | _       |          | Boy      |         |         |        | 72.50   |         |         |
| 410.1   | +25              | 4441    | 437.0    |         | 9,450    | 300      |         |         |        | 61.50   |         |         |
|         |                  |         |          | 19,674  | 98,791   |          |         | +0.25   |        | -       | -       | 33      |
|         |                  |         |          |         |          | May      |         | +0.25   | -      | _       |         | _       |
|         |                  |         |          |         |          | Total    |         |         |        |         | 90      |         |
|         |                  |         |          |         |          | <b>S</b> | YABEA   | _       |        | -       |         |         |
| 201     | ,                |         |          |         |          | 24       |         |         |        | 774.00  |         |         |
| (Q)     |                  |         |          |         |          | Ame      | 739.50  |         |        |         |         |         |
| E O     | L NYM            | EX (1,C | 100 ba   | TELS. S | (larred) | Sep      | 653.00  |         |        |         |         |         |
| -       | Day's            |         |          |         | Com      |          |         |         |        |         |         |         |
|         | openous<br>ney's | -       | 1        | Voi     | int.     |          | 518.75  |         |        |         |         | 14,927  |
|         | onenge           |         |          |         |          | Total    |         | +6.50   | 524.50 | E17.50  | 772     | 4,750   |
|         |                  |         |          |         |          |          |         |         |        |         |         |         |

| VE | ERGY    | 1      |          |        |          |          |
|----|---------|--------|----------|--------|----------|----------|
| CR | LIDE OF | L NYM  | 2, t) X3 | 00 bar | Tels. \$ | (Sarrel) |
|    |         | Day's  |          |        |          | Open     |
|    | Par Col | obanga | mga      | Los    | Voi      | 쐝        |
|    | 19.40   | -0.59  | 20.03    | 19.32  | 57,722   | 50,286   |
|    | 19.57   | -0.45  | 20.04    | 19.45  | 53,666   | 74,928   |
|    | 19.61   | -0.39  | 20.00    | 19.45  | 23,232   | 45,443   |
|    | 19.01   | -0.38  | 20.00    | 19.50  | 5.755    | 21.936   |
|    | 19.63   | -0.35  | 19.95    | 19.50  | £181     | 45,995   |
|    |         | -043   |          |        | 3,133    |          |
|    |         |        |          |        | 158,231  |          |
|    |         |        |          |        | -        |          |

| •  | 18.00    |         | 14.4     | 12.50    |         | -0.000      |
|----|----------|---------|----------|----------|---------|-------------|
|    | 18.55    | -043    | 19.93    |          |         | 24,222      |
|    |          |         |          |          | 150,231 | 412,000     |
| _  |          |         |          |          |         |             |
| CH | UDE OL   | LIPED   | 1007     | 9        |         |             |
|    | Latest   | Day's   |          |          |         | Coes        |
|    |          | change  | Fligh    | Low      | Yol     | <b>Sect</b> |
|    | 18 27    | -0.42   | 18.68    | 18.17    | 18,205  | R2 391      |
|    |          | -0.35   |          |          |         | 25,129      |
|    |          | -0.35   |          |          |         | 11,332      |
|    |          | -0.33   |          |          |         | 16,162      |
|    |          | -0.15   |          | 15.70    |         | 11,998      |
|    |          | -0.32   | 18.50    | 18.50    |         | 4,902       |
| 4  | 18.30    | -0.54   | 19.30    | 10.30    | e/e     |             |
| -  |          |         |          |          | **      | 15.0        |
| Æ  | ATTING ( | OUT NAM | EX (42.1 | 000 US 9 | afe; of | 5 ph )      |
| Т  | Latest   | Day's   |          |          |         | Open        |
|    |          | change  | High     | Low      | Yel     | Esst        |
|    | 52.40    | -1.49   | 53.85    | 51.20    | 15,810  | 30,419      |
|    |          | -1.53   | 54.45    |          |         | 27,622      |
|    |          | -1.23   |          |          |         | 23,516      |

|   | price  | chusqu | High   | LOW    | Yes    |         |
|---|--------|--------|--------|--------|--------|---------|
| g | 52.40  | -1.49  | 53.85  | 51.20  | 15,810 | 30,419  |
|   | 57.80  | -1.53  | 54.45  | 52.25  | 11,512 | 27,622  |
|   | \$3.75 | -1.23  | 54.90  | 53.30  | 4,275  | 23,516  |
|   | 54,80  | -1.23  | 55.75  | 54.30  | 4,352  | 15,725  |
| 6 | 55.40  | -1.23  | 56.74  | 55.00  | 1.140  | 16,402  |
|   | 56.10  | -1.08  | 57.20  | 56.00  | 613    | 14.292  |
|   | 10.0   |        |        |        | 30,261 | 154,951 |
| e | SOLP   | E G/m  | nes    |        |        |         |
|   | Sett   | Day's  |        |        |        | Doen    |
|   |        | change | Meb    | Low    | Poi    | let.    |
|   | 183.50 | -3.50  | 167.00 | 163.25 | 5,501  | 20,318  |
| Ď | 185.50 | -2.75  | 168.25 | 185.25 | 2,951  | 9.861   |
|   |        |        |        |        |        | 8.077   |
| _ |        |        |        |        |        |         |

|   | 169.75 | -2.75  | 172.00 | 169.75   | 362     | 5,89  |
|---|--------|--------|--------|----------|---------|-------|
|   | 171.25 | -2.75  | 173.50 | 171.00   | 1,306   | 10,38 |
|   | 172.00 | -275   | 174.25 | 172.00   | 329     | 6,56  |
|   |        |        |        |          | 13,722  | 71,48 |
| N | TURAL  | GAS IN | NEX (I | 0.000 == | mBle; S | штва  |
|   | Latest | Day's  |        |          |         | Open  |
|   | price  | change | High   | Low      | APS.    | -     |
| 9 |        | -0.005 |        |          |         |       |
| p |        | +0.003 |        |          |         |       |
| 2 | 2,135  | -0.006 | 2,155  | 2,120    | 4,669   | 24,96 |
|   | 2.260  | -0.015 | 2.260  | 2.260    | 1,104   | 11,92 |
|   |        |        |        |          |         |       |

| NY | AEX (42,000 US ga | RS.; CAU | ( Caper) |                   |
|----|-------------------|----------|----------|-------------------|
| UN | LEADED GAS        |          |          |                   |
|    | 2,440 -0.008      | 2,480    | 2435     | 15,713<br>202,945 |
| ;  | 2.400 -0.008      |          |          |                   |
| •  | 2.260 -0.015      |          |          |                   |
|    |                   |          |          |                   |
|    | 2.135 -0.006      |          |          | <br>-             |

#### FUTURES DATA All futures data supplied by CMS.

| Spices  |
|---|
| Black pepper prices continued to rise this week - sites in a less heatic fashion than |
| in previous weeks, Man Producten reports. The availability of black peoper of         |
| all origins has reached a very low level;   |
| demand of any importance may easily help push prices to higher levels. The Asta       |
| gracies have meanwhile been tracing as  |
| high at \$5,100 a tonne FOB origin. The price of the FAO quality reached about        |
| 54,700 FOB. The supply of white pepper  |
| remained extremely then, although the har-<br>vest on Bangke is coming off now.       |
| Demand for white paper improved con-  |
| siderably and prices moved to a level of  |
| \$8,400 CIF for the FAQ grade.  |

### ■ LIVE CATTLE CME (40,000/bs; cente/bs) III COCOA LIFFE (10 tonnes; 5/to 1.60 327.00 480 561 1540 +6 1561 1537 7,863 30,731

SOFTS

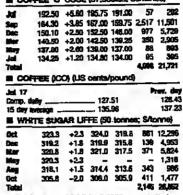
SOYABEAN OIL CET (BO,000lbs: cares/fb)

270.0 243.4 219.7 201.7 194.9 193.8

E POTATOES

22.07 +0.07 22.32 22.05 411 753 22.13 +0.08 22.41 22.10 5,346 18,843 22.29 +0.06 22.82 22.28 1,814 16,857 22.40 +0.14 22.74 22.37 831 14,529 22.65 +0.20 22.95 22.45 5,345 41,830 22.75 +0.17 22.08 22.75 187 5,751

| 7,319          | Dec    | 1566    | +5      |         |         | 2,480   |        |
|----------------|--------|---------|---------|---------|---------|---------|--------|
| 7,192          | Mar    | 1623    | +6      |         | 1623    |         | 21,88  |
| 570            | May    | 1643    | +6      | 1657    | 1653    |         | 10,12  |
| 3.538          | Jack . | 1681    | +6      | 1660    | 1653    | 61      | 1,23   |
| 51,551         | Sept   | 1681    | +5      | -       | -       | -       |        |
| enel)          | Total  |         |         |         |         | 10,253  | 101,48 |
| 5.530          | E CO   | COA (IC | XOI (SI | DR's/to | rane)   | _       |        |
| 3,330          | Jel 17 |         |         | P.      | ice     | P       | res. 4 |
|                |        |         |         | _ 1213. |         |         | 238.4  |
| 1,587          |        |         |         |         |         |         | E-SU-T |
| 5,824<br>5,824 | E CO   | TEE UF  | FE (5   | connec; | S/ton   | 16)     |        |
| 8,757          | Jel    | 1585    | +10     | 1805    | 1551    | 519     | 80     |
| 60,230         | Sep    | 1605    | +10     | 1625    | 1570    | 1,561   |        |
|                | May    | 1592    | +7      | 1615    | 1550    | 638     | 14,15  |
| 4              | معار   | 1562    | +7      | 1585    | 1530    | 166     | 4,63   |
| 33             | Mar    | 1537    | +7      | 1524    | 1505    | 45      | 1,28   |
| 1,057          | May    | 1522    | +7      | -       | -       | _       | 6      |
| 192            | Total  |         |         |         |         | 2,925   | 43,87  |
| 33             | m co   | THE 'C' | CSC     | (37,50  | Olbs; c | rents/i | bs)    |
| 1,324          | 74     | 192.50  | +5.60   | 195.75  | 191.00  | 57      | 28     |
|                | Sep    | 164.30  | +3.85   | 167.00  | 159,75  | 2,517   | 11,50  |
| orks)          | Dec    |         |         | 152.50  |         |         | 5,72   |
|                |        |         |         |         |         | -       | -      |



| k | MEA   | L CET  | (100 % | one; \$/1 | tort)   | Get<br>Total | 305.8    | -2.0    | 306.0  |   |
|---|-------|--------|--------|-----------|---------|--------------|----------|---------|--------|---|
|   | +2.7  | 271.2  | 266.8  |           | 3,075   | m suc        | SAR '11' | CSCE    | (112,0 | ٥ |
|   | +0.5  | 247.3  |        | 10,073    | 17.393  | Oct          | 11.28    | +0.12   | 11.29  |   |
|   |       | 205.8  | 201.5  |           | 14,334  | Mar          | 11.47    |         | 11.48  |   |
|   | +1.8  | 2000   |        | 4.913     |         | Mary         | 11.37    | +0.11   | 11.40  |   |
|   |       |        | 193.5  |           | 5,404   | 34           |          | +0.10   | 11.28  |   |
|   | +24   | 1000   | 181.   |           | 116,644 | Oct          | 11.15    | +0.08   | 11,20  |   |
| 5 | LIFTE | (20 to | mes,   | E per to  | •       | Mer<br>Total | 11.10    | +0.06   | -      |   |
|   |       | 70.0   | _      | _         | 8       |              | TON N    | /CE (5/ | 2,0002 |   |
|   | +25   |        |        |           |         | Oct          | 74.00    | +0.12   | 75.80  | - |
|   | +25   | 21 T   | 79.0   | 118       | 1,122   | Dec          |          | +0.08   |        |   |
|   | +25   | -      | -      | -         | 2       | Mer          |          | +0.07   |        |   |
|   | +2.5  | -      | -      | 118       | 1,133   | E.           |          | +0.12   |        |   |
| ė | WFFE  | LIFE   | 510/   | index p   |         | , led        | 77.15    |         | -      |   |
|   | _     |        | _      |           |         | Oct          | 75.20    | -0.10   | -      |   |
|   | -15   |        | 1348   | 52        | 1,041   | 7otal        |          |         |        |   |
|   | -15   |        | 1315   |           | 824     | M OR         | ANGE JI  | XCE N   | YCE (I | 5 |
|   | -7    | 1340   | 1330   |           | 278     | Eop          | 77 4E    | -0.40   | 74,30  | _ |
|   | -6    | 1453   | 1445   |           | 1,299   | Mor          |          | -C.15   |        |   |
|   | -5    | -      | -      |           | 163     | lee          |          | A 35    |        |   |
|   |       |        |        |           |         |              |          |         |        |   |

| ash prices to higher levels. The Asta<br>actor have mannehile been tracing as<br>gin at \$5,100 a torner FOB origin. The<br>los of the FAO quality reached about<br>1,700 FOB. The supply of white pepper<br>mained extremely thin, although the har-<br>est on Bangka is coming off now. | Open interest contracts trade NYCE, CME, Cone day in arretotals are for a |
|---|---|
| ternand of any importance may easily help<br>bush prices to higher levels. The Asta<br>yimdes have meanwhile been tracking as<br>ligh at \$5,100 a tonne FOB origin. The  | INDICES  Reutors (Bate  |
|   | Jul 18 Jul  |
| emained extremely then, although the her-   | 1688.3 168  |
| est on Bangka is coming off now.  | E CRB Futures   |
| Demand for white paper improved con-<br>iderably and prices moved to a level of<br>8,400 CRF for the FAQ grade.   | Jul 17 Jul<br>234.02 234<br>III GSCI Spot (Ba                             |

### LONDON SPOT MARKETS \$18.30-8.37 \$18.21-8.25 -0.605 -0.54 \$19.53-9.55w 74.80 738 12.240 74.75 4.944 46.219 76.00 250 9.523 76.75 125 2.465 Gas Oil Heavy Fuel Oil Naphths Jet tuel Diesel E NATURAL, GAS (Fen \$167-169 8,967 77,804 73.45 -0.40 74.30 73.03 734 19.442 76.20 -0.15 76.55 76.05 578 7,103 78.15 -0.35 79.80 79.10 189 2,797 82.05 -0.45 83.00 82.05 118 1,941 85.25 -0.25 85.25 85.00 10 385 88.00 -0.50 88.00 88.00 10 87 9.70-9.80 ■ OTHER Gold (per troy oc) \$ Silver (per troy oz) \$ Platinum (per troy oz.) Palladium (per troy oz.) Copper Leed (US prod.) and Volume data shown for led on COMEX, NYMEX, CEY, CSCE and IPE Could Oil are lears, Volume & Open Interest Wheat IUS Dark North

|                  | (Buse: 18/       | (B/31 = 100)   |         |
|------------------|------------------|----------------|---------|
| Jul 18<br>1668,3 | Jul 17<br>1888.3 |                | 1984.0  |
|                  |                  | s; 1967 = 100) | 1804.0  |
| Jul 17           | Jul 16           |                |         |
|                  | 2CE 10           | oga dimont     | 740 600 |

WORLD BOND PRICES

### **Europe quiet** as Treasury prices weaken

MARKETS REPORT By John Labate in New York and Vincent Boland in London

note on the hack of early weakness in US Treasuries and a sell-off on sbare mar-

Investors were also looking ahead to a busy week of news, with particular attention focused on testimony due early next by Mr Alan Greenspan, chairman of the Federal Reserve. which analysts said would ing level.

he an important pointer to FRENCH BONDS were be an important pointer to near-term sentiment in the

But the spark for markets to drift lower was provided finances. Analysts said there by US TREASURY prices, was little nervousness ahead which weakened in morning of the figures as the market trading. By early afternoon has effectively priced in a the benchmark 30-year Trea- budget deficit of up to 3.7 per sury bond fell % at 101%, cent. Investors are looking to sending the yield upwards to see what measures the gov-6.514 per cent. At the shorter ernment will introduce to end, the two-year bill slid & bring it down closer to the 3 at 100 is, yielding 5.877 per per cent target set for Emu. cent, while the 10-year Treasury bond fell 4 at 102%, to futures contract settled in yield 6.219 per cent.

In a surprise to economists. US trade figures by the release of M4 figures showed an upturn in import that showed a higher-thanprice levels. For the month expected jump in consumer of June, import prices rose spending. 0.4 per cent overall, while non-fuel import prices rose head of global bond strategy

0.2 per cent. The US Commerce Depart- retail sales figures due next ment also released a report Wednesday would give a betthat said a rise in imports ter picture of how people are led to an increase in the US trade deficit to \$10.2bn for building society conversions. May, a deeper gap than ana-

lysts had expected. couple of years," sald Mr = in quiet trading.

Joseph Liro of CIBC Wood ITALIAN BTPs were a Gundy Securities in New touch weaker, with the Sep-York. The news of import tember futures contract setprices triggered some morn-tling just 0.02 down at 136.42.

ing selling of the dollar. In addition, consumer sentiment soared in early July, according to the University of Michigan.

quieter after jumping in the previous session, with the September bond futures contract closing at 102.79, down just a fraction from its open-

The September notional Paris at 130.36, a drop of 0.08. UK GILTS were unaffected

at Paribas in London, said spending windfall gains from

"Most people view the consumer as the problem and Declining import prices retail sales are a consumer have been an important part indicator," Mr McDevitt said. of the low inflation environ. The September futures conment in the US for the past tract settled at 114%, up just

Most European bond mar-European bond markets kets took the fall in Treaended the week on a quieter suries as the excuse for an early start to the weekend. with a sharp fall in activity from levels seen on Thursday during a strong rally in

bond prices.

GERMAN BUNDS were

traded thinly ahead of the release on Monday of results of an audit of public

Mr Graham McDevitt,

| ustralia<br>ustria<br>elgium<br>arrada '<br>ermany<br>rance<br>ermany &<br>eland<br>aly | BTAN<br>OAT<br>Burnd   | 12:000<br>5.625<br>0.250<br>7.250<br>7.000<br>4.750<br>5.500<br>6.000   | 10/07<br>07/07<br>03/07<br>06/07<br>06/07<br>03/02<br>04/07  | 125.4234<br>100.0100<br>104.2600<br>109.2600<br>106.6400<br>100.3000  | -0.130<br>-0.200<br>-0.720<br>-0.040<br>-0.400   | 6.55<br>5.62<br>5.68<br>5.99<br>6.11<br>4.51   | 8.89<br>5.70<br>5.52<br>5.98<br>6.07<br>4.43  | 7.41<br>5.80<br>5.87<br>0.32<br>6.27<br>4.71  |
|---|--|---|--|---|--|--|---|---|
| ustria<br>elgium<br>anada "<br>enmank<br>rance<br>ermany 8<br>eland                     | CAT  | 5.625<br>0.250<br>7.250<br>7.000<br>4.750<br>5.500  | 07/07<br>03/07<br>06/07<br>06/07<br>03/02  | 100.0100<br>104.2600<br>109.2600<br>106.6400<br>100.3000  | -0.200<br>-0.720<br>-0.040<br>-0.400   | 5.62<br>5.68<br>5.99<br>6.11<br>4.51   | 5.70<br>5.62<br>5.98<br>6.07  | 5.80<br>5.87<br>0.32<br>6.27  |
| elglum<br>arrada "<br>enmark<br>rance<br>ermany E<br>eland                              | CAT  | 0.250<br>7.250<br>7.000<br>4.750<br>5.500   | 05/07<br>06/07<br>06/07<br>03/02   | 109.2600<br>106.6400<br>100.3000  | -0.200<br>-0.720<br>-0.040<br>-0.400   | 5.68<br>5.99<br>6.11<br>4.51   | 5.52<br>5.98<br>6.07  | 5.87<br>0.32<br>6.27  |
| arrada '<br>enmark<br>rance<br>ermany 8<br>etand  | CAT  | 7.250<br>7.000<br>4.750<br>5.500  | 06/07<br>06/07<br>03/02  | 109.2600<br>106.6400<br>100.3000  | -0.720<br>-0.040<br>-0.400   | 5.99<br>6.11<br>4.51   | 5.98<br>6.07  | 0.32<br>6.27  |
| enmany E<br>emany E<br>etand  | CAT  | 7.000<br>4.750<br>5.500   | 05/07  | 106.6400<br>100.3000  | -0.040<br>-0.400   | 6.11<br>4.51   | 6.07  | 6.27  |
| rance<br>ermany E<br>eland  | CAT  | 4.750<br>5.500  | 03/02  | 100.3000  | -0.400   | 4.51   |   |   |
| ermany E  | CAT  | 5.500   |  |   |  |  |   |   |
| brade   |  |   |  |   | -0.460   | 5.49   | 5.40  | 5.73  |
| brade   |  |   | 07/07  | 103.1200  | -0.190   | 5.58   | 5.54  | 5.78  |
|   |  | 0.000   | 08/06  | 111.3100  | +0.020   | 6.32   | 6.37  | 6.72  |
|   |  | 6.750   | 02/07  | 102,1700  | -0.140   | 8.441  | 6.36  | 7.14  |
| apan  | No 148   | 5.600   | 06/02  | 116.3962  | -0.080   | 1.57   | 1.57  | 1.73  |
| apaca (   | Na 182   | 3.000   | 09/05  | 104,9225  | -0.070   | 2.29   | 2.26  | 2.48  |
| atherland   |  | 5.750 .   | 02/07  | 101,7800  |  | 5.50   | 5.48  | 5.64  |
| ortugal   | •  | 8.500   | 02/08  | 127,7600  | -0.290   | 6.15   | 6.22  | 6.44  |
|   |  |   |  |   | -0.160   |  |   | 6.55  |
|   |  |   |  |   |  |  |   | 6.95  |
|   |  |   |  |   |  |  |   | 7.02  |
|   |  |   |  | 101-20  |  |  |   | 7.12  |
|   |  |   |  | 114-29  |  |  |   | 7.18  |
| S Treasu  | rv '   | 8.625   | 05/07  | 102-24  |  |  |   | 6.53  |
|   | •  | 0.625   | 02/27  | 101-09  |  |  |   | 6.81  |
| CU (French  | Govt   | 5.500   | 04/07  | 87-2700   | -0.080   | 5.87   | 5.71  | 6.05  |
| ondon closi   | ing. "New 1  |   |  |   |  |  |   | stander   |
|   | peun<br>weden<br>K Gilts<br>S Treasu<br>Cu French<br>ondon clos<br>Gross énc | peen<br>wedon<br>K Gilts<br>S Treasury '<br>Cut French Govt)<br>ondon closing, "New 'i<br>Gross frickeling with | pein 7.350 weden 6.000 K Gifts 7.000 7.250 9.000 5 Treasury 8.25 0.625 0.625 condon closing. "New York mid-dis | pean 7.350 G3/07 weeden 6.000 06/07 K Gilts 7.000 06/02 7.250 12/07 9.000 10/08 S Treazeury 8.625 05/07 0.625 02/27 Out French Govty 5.500 04/07 ondon closing. "New York mid-day | pein 7.350 03/07 108.0200 wedon 6.000 08/07 110.7431 110.7431 110.7431 110.7431 110.7431 110.7431 110.7431 110.7431 110.7431 110.7431 110.7431 110.7431 110.7431 110.7431 110.7431 110.7431 110.7431 110.7430 110.7431 110.7430 110.7431 110. | pear 7.350 03/07 108.0290 -0.160 wedom 6.000 08/07 110.7431 -0.160 08/07 110.7431 -0.160 (Gits 7.000 08/02 99-14 -1/32 7.250 12/07 101-20 +1/32 9.000 10/08 114-29 +1/32 9.000 10/08 114-29 +1/32 9.000 10/08 114-29 +1/32 9.000 10/08 104-29 +1/32 9.000 10/08 104-29 +1/32 9.000 10/08 104-29 9.000 08/07 102-24 -15/32 0.625 02/37 101-09 -21/32 0.625 02/37 101-09 -21/32 0.625 04/07 87.2700 -0.080 0.625 04/07 87.2700 -0.080 0.625 06/07 06/08/08/08/08/08/08/08/08/08/08/08/08/08/ | pear 7.350 03/07 108.0290 -0.160 6.21 wedom 6.000 08/07 110.7431 -0.160 6.51 K Gilts 7.000 08/02 99-14 -1/32 7.02 7.250 12/07 101-20 +1/32 7.02 9.000 10/08 114-29 +1/32 7.02 9.000 10/08 114-29 +1/32 7.08 5.5 Treasury 8.625 05/07 102-24 -15/32 6.24 0.625 02/27 101-09 -21/32 6.53 04/07 87.2700 -0.080 5.87 ondon closing. Twen York mid-stay Wieldschip withholding box at 12.5 per cent psychile by immemblants for consignifications of mid-stay withholding box at 12.5 per cent psychile by immemblants | pear 7.350 03/07 108.0290 -0.160 6.21 6.17 wedom 6.000 08/07 110.7431 -0.160 6.51 6.44 (Gits 7.000 08/02 99-14 -1/32 7.03 7.03 7.250 12/07 101-20 +1/32 7.02 7.01 9.000 10/08 114-29 +1/32 7.02 7.01 9.000 10/08 114-29 +1/32 7.08 7.04 5.5 05/07 102-24 -15/32 6.24 6.22 0.625 02/37 101-09 -21/32 6.53 6.53 0.000 footen closing. Twen York mid-stay Gross (including withholding bar at 12.5 per cent psychiate by incrementarity) |

| Latest     |  | Treasury  |                      | and Bond Yleids                     |                   |
|------------|--|---|----------------------|-------------------------------------|-------------------|
| Prime rate | 81 <sub>2</sub><br>74<br>51 <sub>2</sub> | One month Two exacts Three rounts Str exacts One year | 5.22<br>5.33<br>5.57 | Two year Three year 10-year 30-year | 5.1<br>6.1<br>6.1 |
| BOND FUTU  | RES                                      | AND OPTION  | IS                   |                                     |                   |

|              | Open             | Sett price  | Change       | High           | LOW          | Est. vol.   | Open in  |
|--------------|------------------|-------------|--------------|----------------|--------------|-------------|----------|
| Sep          | 130.40           | 130.36      | -0.06        | 130.50         | 130.30       | 66,235      | 209,520  |
| Dec          | 99.12            | 99.10       | -            | 99.24          | 98.12        | 1,404       | 4,228    |
| Mar          | 98.52            | 96.58       | -            | 98,52          | 96.52        | 2           | -        |
| - LONG       | TERM FRO         | ENCH BOX    | D OPTIO      | NS MAT         | IF)          |             |          |
| Strike       |                  | CAL         | LS           |                |              | PUTS -      |          |
| Price        | Aug              | Se          | , D          | ec             | Aug          | Sep         | Dec      |
| 126          |                  | -           |              | -              | 0.01         | 0.09        | -        |
| 127          | 3.14             | -           |              | -              | 0.03         | 0.18        |          |
| 128          | 2.10             | -           |              | -              | 0.11         | 0.37        | -        |
| 129          | 1,24             | 1.5         | 1            | -              | 0.35         | n71         | -        |
| 130          | 0.48             | 8.0         | 5            | -              | n97          | 1.24        |          |
| Est. val. to | cal, Calls 3,861 | Puts 12,524 | . Previous o | phy a category | M., Calls 10 | 1325 Puts 1 | 39,157.  |
| Germ         | STV              |             |              |                |              |             |          |
|              |                  |             |              |                | ) DM250,0    |             | -4 4000/ |

| NOTE | any<br>Mal Ger | MAN EL | IND FUT  | URES (L | SFFE)" DE | <b>/250,00</b> | 0 100 <del>0s</del> | of 100%    |
|------|----------------|--------|----------|---------|-----------|----------------|---------------------|------------|
|      |                | _      |          | nge H   |           | Low            | _                   | Open Int.  |
| ep.  | 102.60         | 102.7  | 90.0     | 01 103  | 2.90 10   | 2.66           | 107440              | 278320     |
| ec   | 101.80         | 101.6  | 9 -00    | 10      | 1.80 10   | 1,80           | 13                  | 10454      |
| BUNG | FUTURES        | ортю   | NS (LIFF | E) DM25 | 0.000 pol | nts of 1       | 00%                 |            |
| rike |                |        | ALLS -   |         |           |                | PUTS -              |            |
| lce  | Aug            | Sep    | Oct      | Dec     | Aug       | Sep            | Oct                 | Dec        |
| 250  | 0.42           | n76    | 0.58     | 0.94    | 0.13      | 0.47           | 1.19                | 1.55       |
| 3300 | 0.14           | 0.49   | 0.40     | 0.74    | 0.35      | 0.70           | 1.51                | 1.85       |
| 350  | 0.03           | 0.29   | 0.25     | 0.57    | 0.74      | 1.00           | 1.87                | 2.18       |
|      |                |        |          |         | b         |                | -                   | uta 265804 |

|            | Open          | Sett price  | Change     | High       | Low        | Est. vol   | Open int |
|------------|---------------|-------------|------------|------------|------------|------------|----------|
| Sep        | 136.38        | 136.42      | -0.62      | 136.68     | 136.20     | 37030      | 107980   |
| Dec        |               | 108,38      | -0.02      |            | -          | 0          | 2410     |
| E ITALIA   | GOVT. BO      | ND (STP) FU | TURES OF   | nors (LIF  | El Lina200 | 100ths of  | 100%     |
| Strike     |               | CAL         |            |            |            | PUTS       |          |
| Price      | :             | Sep         | Dec        |            | Sep        |            | Dec      |
| 8000       |               |             | 28,38      |            |            |            | 0        |
| 8050       |               |             | 27.88      |            |            |            | 0        |
| 8100       |               |             | 27.38      |            |            |            | 0        |
| Est vol to | epi, Calls 39 | 09 Pus 358  | . Previous | qay's obsu | int, Calls | 90055 Puts | 113392   |

High

117,90

Sett price Change

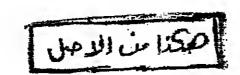
117,68 -0.11 101,49 -0.09

| UK<br>E Nork  | ONAL UK (                                     | SELT FUTU                                  | RES (LIFF                     | E)* E50,000                                | 32nds of                              | 100%                            |                             | US TR             | EASURY B                           | IOND FUT                             | URES (CB                          | 77 \$1,00,00             | 0 32nds                 | of 100%                                |  |
|---|---|--|-------------------------------|--|---------------------------------------|---------------------------------|-----------------------------|-------------------|------------------------------------|--------------------------------------|-----------------------------------|--------------------------|-------------------------|--|--|
| Sep<br>Dec<br>B LONG                                | Open<br>114-24<br>114-10                      | Sett price<br>114-24<br>114-12<br>URIES OF | +0-01<br>+0-01                | High<br>115-00<br>114-10<br>FE) £50,00     | Low<br>114-10<br>114-10<br>0 64ths of | Est, vol<br>57769<br>25<br>100% | Open Int.<br>172168<br>1125 | Sep<br>Dec<br>Mar | Open<br>114-17<br>114-05<br>113-14 | Latest<br>114-01<br>113-31<br>113-14 | Change<br>-0-20<br>-0-10<br>-0-18 | High<br>114-18<br>114-05 | Low<br>114-08<br>113-30 | Est. vol.<br>365,808<br>5,051<br>6,075 | Open in<br>503,803<br>32,961<br>13,815 |
| Strike<br>Price<br>114<br>115<br>116<br>Est. vol. 1 | Aug<br>9-56<br>9-17<br>0-05<br>otal, Calls 85 | Sep<br>1-23 1<br>0-48 0<br>0-26 0          | 1-30 1-<br>1-63 1-<br>1-40 1- | 63 0-00<br>32 0-33<br>07 1-2<br>day's spon | 9 Sep<br>3 0-39<br>3 1-01<br>1 1-42   | 1-06<br>1-39<br>2-16            | Dec<br>1-89<br>2-06<br>2-47 |                   | NAL LONG<br>Y100m 10               |                                      |                                   | GOVT. B                  | OND FU                  | TURES                                  |  |
| Ecu<br>Ecu  | BOND FUT                                      | URES (MA                                   | TIF) ECU1                     | 00,000                                     |                                       |                                 |                             | Sep               | Open<br>125.06                     | Ciose                                | Change                            | High<br>125.06           | Low<br>124.97           | Est. vol<br>789                        | Open in                                |
| Sep   | Open<br>97,10                                 | Set price<br>97.10                         | Change                        | High<br>97.16                              | Low<br>97.05                          | Est. vol.<br>1,497              | Open Int.<br>6,131          | Dec<br>LETE futu  | 124.38<br>ros also trac            | ed on APT                            | . All Open I                      | 124.38<br>sterest figs.  | 124.38<br>are for pre   | 2<br>Works day.                        | n/a                                    |
| FTSE  | Actu  | aries                                      | Govt.                         | Secu                                       | rities                                |                                 |                             |                   |                                    | Fel                                  | Day's                             | Thu                      | Accru                   | UK In                                  | dice                                   |

| FTSE A  | Ctu                  | artes  | GOV                                   | . Secu                             | irities                              |                                      |                      |                      |   |                                   |                      |                      |                      | UK                   | Indices              |
|---|----------------------|--|---------------------------------------|------------------------------------|--------------------------------------|--------------------------------------|----------------------|----------------------|---|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| UK Gilbs Prior  | indice               | Fri<br>Jul 10                                  | Change 1                              |                                    | Accrued<br>Interest                  | ad adj                               |                      | lende                | ex-linked   | Fri<br>Jul 18                     | Day's<br>change 9    |                      | hu<br>17             | Accrued<br>Interest  | xd adj<br>ytd        |
| Up to 5 years 5-15 years Over 15 years 4 tredeemable 5 All stocks 6 | 20)<br>es (5)        | 119.55<br>152.22<br>163.65<br>213.30<br>147.25 | -0.02<br>0.04<br>0.21<br>0.18<br>0.05 | 162.10                             | 2.34<br>2.02<br>6.58<br>2.87<br>2.99 | 6.01<br>7.01<br>5.02<br>7.34<br>8.40 |                      | 7 (                  | Jp to 5 years<br>Over 5 years (<br>VI atocks (12) | 10) 200.46                        | 0.13<br>0.30<br>0.28 | 205.<br>199.<br>199. | .87                  | 1.84<br>1.06<br>1.13 | 3.03<br>3.96<br>3.85 |
|   |                      |  | оч соорс                              |                                    |                                      | -                                    |                      |                      | oupon yield -                                     |                                   |                      | }                    | High co              | - biely noque        |                      |
| Yiekts_   | Jul 16               | Jul 17   | Yr ago                                | High                               | Low                                  | Jul 18                               | Jul 17               | Yr ago               | High  | Low                               | Jul 16               | Jul 17               | Yr ago               | High                 | Low                  |
| 5 yrs<br>15 yrs   | 7.12<br>7.01<br>7.01 | 7.09<br>7.02<br>7.02                           |                                       | 7.48 1/4<br>8.18 30/4<br>8.25 30/4 | 6.78 18/2<br>5.96 2/7<br>6.98 2/7    | 7.17<br>7.04<br>6.99                 | 7.14<br>7.06<br>7.01 | 7.36<br>6.13<br>6.22 | 8.20 30/4   | 5.84 18/2<br>7.01 7/7<br>6.96 4/7 | 7.23<br>7.12<br>7.10 | 7.21<br>7.13<br>7.11 | 7.43<br>8.23<br>8.30 | 6.29 30/4            | 7.04 14/5            |
| 20 yrs<br>kred.†  | 7.09                 | 7.10   |                                       | 8.30 304                           | 7.06 4/7                             |                                      |                      | 0-22                 | <b>J25 55</b> 4                                   |                                   | 7.10                 | •                    | alau                 | 0.33 3U4             | 7.05 14/5            |
| ndex-it-lead  |                      |  | - Inflation                           | rate 5%                            | ·                                    |                                      |                      | Inflation            | rate 10%  | <del></del>                       |                      |                      |                      |                      |                      |
| Up to 5 vrs   | 3.62                 | 3.63   | 2.68                                  | 3.69 15/7                          | 2.94 13/2                            | 2.B2                                 | 2.90                 | 1.10                 | 2.99 10/6   | 2.18 18/2                         |                      |                      |                      |                      |                      |

| Up to 5 yrs   | 3.52<br>3.53        |                      |          | .69 15/7<br>.72 15/6 |           | 13/2<br>14/2           | 2.82<br>3.31    | 2.92<br>3.32              | 1.10 2.99 10/6 2.18<br>3.61 3.50 19/6 3.12                                   |                                  |                                 |                            |             |          |
|---|---------------------|----------------------|----------|----------------------|-----------|------------------------|-----------------|---------------------------|--|----------------------------------|---------------------------------|----------------------------|-------------|----------|
| Average gross :<br>Bass values: Ui                            | edempti.<br>Gëts in | m yields<br>dices S1 | /12/75   | 100.00               | and inc   | pon Ben<br>lex-Link    | ds: Louisd 30/4 | r. 0%-73<br>82 = 100      | :%; Medium: 8%-10 <sup>3</sup> ;%; F<br>3.03. ** 1 <i>9</i> 87 highs and low | iligh: 11% a<br>s.               | and over. †                     | Flat yield.                | ytd Year to | date.    |
| FT Fixed In   | terest              | Indica               | es       |                      |           |                        |                 |                           | Gilt Edged Activit   | ty Indice                        | s                               |                            |             |          |
|   | Jul 18              | JJ 17                | Jul 16   | JJ 15                | Jul 14    | Yr ago                 | High            | Low                       |  | Jul 17                           | Jul 10                          | Jul 15                     | Jul 14      | Jul 11   |
| Bort Secs. (USQ)<br>Food Interest                             |                     | 125.15               | 134.88   | 124,78               |           |                        |                 | 93.31<br>115.32           | Git Edged bargains<br>5-day average  | NA<br>NA                         | NA<br>NA                        | NA<br>NA                   | NA<br>NA    | NA<br>NA |
| D FTSE Internation<br>high airce compile<br>titl Edged volume | tor: 133.8          | 7 (21/01/5           | M, low S | 159 (CCC)            | V75). Bes | vernment<br>is 100: Go | Securide        | s high ain<br>t Becuritie | ce complision: 127,40 (09/01/3<br>s 15/10/26 and Pluod Interes: 19           | 5), low 49.15<br>128. SE activit | (03/01/75). F<br>ly indices reb | bed interest<br>sted 1974. |             |          |
| HW CH T   | -                   | O.F.C                |          |                      |           |                        |                 |                           |  |                                  |                                 |                            | _           |          |

| UK GILTS  | PRIC  | ES    |         |        |       |       |                                     |              |       |         |      | _     |              |                        |           |         |                    |           |                    |         |
|---|-------|-------|---------|--------|-------|-------|-------------------------------------|--------------|-------|---------|------|-------|--------------|------------------------|-----------|---------|--------------------|-----------|--------------------|---------|
| Hotes   | īŧ    | Parti | Price £ | + or - |       | 967   | Aties                               | Ħ,           | Red _ | Price £ | + or | High  | 967 _<br>Low |                        | Hotes     | (ii)    | field<br>(2) Prior | 1£ + 0T   | - High             | 1997 ~  |
| Shorts" (Lives up to Fire)  | -     |       |         |        |       |       | Funding 31 <sub>2</sub> pe 1999-4   | 4,06         | 5.95  | 366     | 4    | 873   | 8213         | Index-Listing          | 80        |         |                    | -         |                    |         |
| Trees City 7pt 1997##   | 7.00  | L73   |         | -      | 100日  | 100公  | Core \$120c 2004                    | 8.30         | 7.15  | 113,5   | -4   | 114   | 100()        | 45 AGE - AGE -         | (136 B)   | _       | 2.79 11            | 443 .     | a 114              | h 1134  |
| Trees #140c 1997##  | 8.73  | 8.57  | 100     | _      | 101,5 | 1003  |                                     | 6.00         | 7.00  | 944     | -24  | 902   | 94%          | 21200 799              | *         | 2.01    |                    | 26 +      | 호 114년<br>참 182년   |         |
| Exen 15pc 1997  | 14 🐯  | 5.52  |         | -6     | 1057  | 1021  | Cory 81292 2005                     | 8.34         | 7.13  | 113程    | 444  | 123   | 11048        | 21202 '01              | _178.31   | 291     |                    |           | 187                |         |
| Beth 97up; 1996   | 9.52  |       | TOTAL S | -4     | 1031, | 101월  |                                     | 871          | 7.13  | 12012   | -4   | 127元  | 1172         | 21200 103              | (78.6)    | 3.10    |                    | 33        |                    |         |
| Treas 7 tota: 1996##  | 7.34  | 7.04  | 100 3   | -      | 101   | 100%  | Tiess 1712pc 2003-6                 | 9.88         | 7.20  | 12612   | -4   | 12063 | 12433        | Car vert               | .035.6    | 3.16    |                    | 1811 +    |                    |         |
| Trees 15 ago 1811   | 14,17 | 7.12  | 10565   |        | 114   | 10914 |                                     | 7.62         | 7.10  | 108     | -    | 1097  | 10433        | 2pc 106                | 09.5      | 3.21    | 3.54 194           | , al +    |                    |         |
| Esch 12pc 1996  | 11.32 | 7.13  | 106     | -4     | 1057  | 105   |                                     | <b>3.</b> 27 | 7.10  | 117%    | +12  | 1181  | 1734         | 21 <sub>2</sub> pc '09 |           | 3.24    |                    |           | 2 176              |         |
| Tess Par 1994   | 9.20  | 7.15  | 103.Z   | -74    |       |       | Trees 7120c 2006##                  | 7.29         | 7.07  | 1027    | ٠    | 10311 | 98,3         | 2125C '11              | _74.6     | 3.27    |                    |           | 183                |         |
| Tress Flig Rate 1988#   | -     | -     | 10013   | -      | 1003  | 100,5 |                                     | 7.43         | 7.10  | 104,5   | _    | 1071  | 9932         | 212pc '13              | - 09.Z    | 129     |                    | 0 +       | 5 150              |         |
| East 124upt 1999  | 11,55 | 7.17  | 10753   |        | 1112  | 10733 | Treas Spc 2002-611                  | 7.77         | 7.29  | 103     | *    | 1847  | 100]]        | 21 <sub>20</sub> = 16  |           | 231     | 3.50 181           |           | 161                |         |
| Trees 10 logs: 1999   | 9.94  | 7.08  | 10515   |        | 1084  |       | Trace 11 kpc 2003-7                 | 9.77         |       | 四人山     | -≯   | 123 6 | 11533        | 2 25 70                | _ 63.0    | 137     |                    | 41        |                    |         |
| Trees Spc 1999 ##   | 5.12  | 7.15  | 26.5    | -3     | 992   | 9613  | Trees 81/2 pc 2007 ##               | 7.78         | 7.08  | 1083    | **   | 1113  | 1057.        | 2128C 2411             | _67.70    | 3.38    |                    |           |                    |         |
| Core 10 <sup>3</sup> upc 1999   | 8.63  | 7.17  | 10513   | -3     |       | 105.3 |                                     | 7.12         | 7.02  | 101     | +4   | 102]3 | 985          | 41esc '30##            | . п.35.11 | 3.37    | 3.52 125           |           | 13 120)<br>US 1261 |         |
| TRAS First: 2000  | 6.26  | 7.19  | KIZ ST  | -4     | 1014  | 10253 |                                     | 10.17        | 7.22  | 1528    | -3   | 1344  | 1314         |                        |           |         |                    |           |                    |         |
| Copy Sec 2000tt   | 8,53  | 7.19  | 1047    | -12    | 10512 | 1044  | Tress 9pc 2906 ##                   | 7.53         | 7.05  | 11413   | +4   | 11533 | 10025        | Prospective as         | Si reden  | otton i | ate on p           | rojected  | inflatio           | n of (1 |
| Tress 1 Sec 2000  | 11.28 | 7.22  | 1154    | -1-    | 1104  | 115,3 | Treat for 2008                      | 7.43         | 7.05  | 107     | +4   | 107%  | 101          |                        |           |         |                    |           |                    |         |
| Trees   49c 1996-1  | 13.27 | 7.03  | 105K    | -3     | 1104  | 10543 | Trees 64pt 201011                   | 6.71         | 7.08  | 933     | +1   | 955   | 864          |                        |           |         |                    |           |                    |         |
| Trees &pr. 2000111  | 7.61  | 7.16  | 100     | -1     | 104   | 1024  | Corw Box Let 2011 ##                | 7.88         | 7.08  | 1174    | -    | 1174  | 10012        |                        |           |         |                    |           |                    |         |
| Trees Pag Rate 2001   |       | _     | 10015   |        | 100,3 | 100%  |                                     |              |       |         | _    | •     |              |                        | PI for N  | Prembe  | r 1996: 15         | LLE and   | for Just           | in 1997 |
| Treas 10oc 2001   | 9.20  | 7.22  | 10872   | 4      | 1121  | 9813  |                                     |              |       |         |      |       |              | 157.5.                 |           |         |                    |           |                    |         |
| Corr 91as 20014   | 4.61  | 7.21  | 1073    |        | 1092  | 1077  | and the second second               |              |       |         |      |       |              |                        |           |         |                    |           |                    |         |
| Com 9 hac 2001  | 3.95  | 7.21  | 10871   |        | 1104  | 108 2 | Pric Filliam Years                  |              |       |         | _    |       |              |                        |           |         |                    |           |                    |         |
| Trees True 2001 ##  | 7.04  | 7.16  | 24      |        | 10114 | 1927  | Trans Spc 2012##                    | 7.63         | 7.05  | 1177    | +10  | 1187  | 1001         |                        |           |         |                    |           |                    |         |
| Bec 125 1999-7#   | 11.25 |       | 105114  |        |       | 70615 | Trees 51 <sub>20</sub> c 2005-1222_ | 6.25         | 6.78  | 86.b    | +16  | 200   | 8013         |                        |           |         |                    |           |                    |         |
| Carw 10xx 2002  | 9.01  | 7.21  | 11011   | -3     | 1125  | 10921 | Tream Rape 2013211                  | 7.32         | 7.03  |         | +1   | 10513 | 1003         |                        |           |         |                    |           |                    |         |
| Tress 7nc 2002±±  | 7.04  | 7.13  | 101     | -1     | 1012  | 9733  | Trees / kpc 2012-1521_              | 7.26         | 7.02  | 106134  | 44   | 106到  | 9643         | Other Fi               |           |         | _                  |           |                    |         |
| 17664 7 PC 200244   | •     | •     |         | •      |       |       | Treas Spc 201521                    | 7.24         | 6.97  | 11015   | **   | 11明2  | 1012         | Antel LD               | 750       | 10.54   | 351                |           |                    |         |
|   |       |       |         |        |       |       | From 6 kpc 201711                   | 7.36         | 7.01  | 11833   |      | 1183  | 103/         |                        |           |         |                    |           |                    |         |
|   |       |       |         |        |       |       | Ext. 120: 20:3-17                   | 2.15         | 7.09  | 1474    |      | 147套  | 158%         |                        |           |         | Md                 |           |                    |         |
| E Common and a second a second and a second |       |       |         |        |       |       | Trees 8pc 202111                    | 7.13         | 6.94  | 11214   |      | 112%  | 101A         |                        | Notes     | int.    |                    | ter 2 var |                    | 1967    |
| Fire to Filters Years   |       |       |         |        |       |       |                                     |              |       |         | _    |       | -            |                        |           |         | - FEE 171          | 25 + 0    | 16.5               | LON     |
| Com 91200 2002  | 8.70  | 7.22  | 10914   |        | 11015 | 1051  |                                     |              |       |         |      |       |              | Asian Dev 16 apr       | 2009      | 838     | 7.33 12            | 24 +      | å 123/             | , 146Z  |
| Trace 9% be 2002  | 8.81  | 722   | 1101    | -      | 1224  | 10832 |                                     |              |       |         |      |       |              | 67mm 111200 201        | 2         | 1 45    |                    | 16 *      | 9 164              | 2 104   |



Low Est vol. Open int.

117.57 48.596 90.782 - 273

### Dollar slips

#### MARKETS REPORT By Simon Kuper and Greta

Singapore dollar and Indonesian rupiah fell sharply as the crisis in emerging currencies continued. Asian been attacked since the Thai July. Japan yesterday promised to intervene to support the baht if necessary, but did not say what resources it

would make available. The dollar once again frustrated its supporters by failing to break through DM1.80 against the D-Mark It suffered from a fall in US stock and bond markets, but was buoyed by Mr Helmut Kohl, the German chancellor, who shaking". He said: "When exports used to go badly because of a weak dollar, people complained. Now

(Sch) 21.0955 (DK) 11.4199 (FM) 8.85583 (FF) 10.1610 (DM) 2.9983 (Dr) 470.841 (E) 1.1178 (L) 2921.58 (LPr) 51.9193 (FG) 33.2753 (NG) 12.3929 (FS) 302.815 (Pb) 252.466 (SK) 13.0238 (SF) 2.4679 (C) 1.5188

(Peso) (RS) (CS) v Peso) (S)

(AS) (HICS) (Fish) (Shirt) (MS) (NZS) (Peso) (SF) (SR)

1,8104 2,3024 13,2578 1,6744

CROSS RATES AND DERIVATIVES

100 54.22 61.12 20.65

55,40 2,119 18,35 49,97 20,45 24,53 47,54 25,09 81,92 26,89 30,98 32,01

LONDON MONEY RATES

Certs of Tax dep. (£100,000)

18.44 10 11.27

10.22 0.391 3.389 9.215 3.771 4.523 8.768 4.827 11.42 4.960 6.820 5.804 7.518

9.084 0.347 3.002 6.175 3.346 4.013 7.779 4.106 10.13 4.400 6.051 5.238 6.671

Latest Change High Low 0.5609 +0.0014 0.5625 0.5578 0.5650 +0.0018 0.5650 0.5614 0.5879

0.103 0.888 2.420 0.990 1.198 2.302 1.215 2.998 1.302 1.791 1.550 1.974

Jul 10, 1 3-6 months

Argentine Brazil Canada Medco USA

Hong Kong

Belgium Denmark France Germany

Italy
Notherlac
Norway
Portugal
Spain
Swedon
Switzerla
UK
Canada
USA
Japan
Ecu

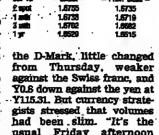
+0.0214 857 · 083 +0.0611 710 - 676 +0.0101 155 - 243 +0.0201 529 - 666 +0.0031 870 - 996 +0.0031 870 - 996 +0.0031 167 - 188 +0.18 979 - 336 +0.0011 710 - 678 +0.0017 738 - 769 +0.0123 876 - 989 +0.141 322 - 139 +0.0301 145 - 331 -0.0066 685 - 693

+0.0028 732 - 741 +0.0049 098 - 110 +0.0015 014 - 084 +0.1139 484 - 694 +0.0031 740 - 748

things are going a bit the other way, which is not earth shaking, it does not mean that we should start moving." This firmed the The Malaysian ringgit, market'e impression that Germany has no plans to intervene against the dollar.

The impact of a larger than expected US trade deficurrencies in particular have cit for May was cancelled been attacked since the Thai out by a 25 per cent fall in baht devalued at the start of the bilateral deficit with

In late trading yesterday the dollar was at DML 7910 to



3 21,2098 21,0612 21,0411 5 62,2420 51,8030 61,7393 11,4859 11,3996 11,3998 5 8,9070 8,8330 8,8339 1 10,1884 10,1038 10,008 5 3,0154 2,9917 2,9889 1 474,000 470,022 472,624 3 1,1212 1,1144 1,1173 2935,78 2909,98 2921,56 5 22,420 51,8080 61,7393 3 3,939 3,3705 3,3651 3 3,939 3,3705 3,3651 3 304,513 302,437 302,659 9 304,513 302,437 302,659 9 304,513 302,437 302,659 1 3,0682 12,9947 12,9963 2,4870 2,4630 2,457

1.8052 2.2974 13.1986

18.36 4.842 1.805 4718 5.451 20.01 6.871 2.826 0.979 2558 2.956 10.85 10 2.960 1.109 2884 3.332 12.23 3.379 1 0.373 8744 1.126 4.133 9.084 2.682 1 2614 3.020 11.08

0.038 0.331 0.902 0.369 0.443 0.858 0.453 1.118 0.465 0.578 0.736

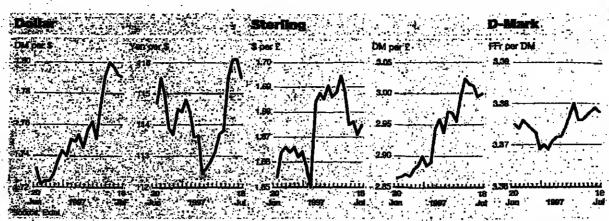
Est. vol Open int. 16,284 126 57

109,171 1,199 460

2.2955

22775 22579 2262 0.3 22601 0.4 12,9996 12,9422 12,9731 0.1 12,9866 0.2 59,8300 58,6710 58,9462 -3.9 60,3466 -4.0 6 5.9515 5,9040 -194,440 192,930 192,930 6.3 190,373 6.3 4,4283 4,3254 4,4128 -1.2 4,4209 -1.1 2,5862 2,5605 2,5657 0.1 2,5667 -0.1 50,0970 46,5372 47,218 -4.1 47,4695 -3.5 6,2926 6,2625 6,2765 0,7 6,2981 0.8 2,4590 2,4339 2,4514 2.3 2,4413 2,4 7,6608 7,8114 7,702 -9.5 7,8198 -9.3 1502,90 1493,82 48,8274 48,8366 46,7578 0,4 46,718 0.5

1,8140 2,3104 13,3050



-0.0105 960 - 017
-0.032 600 - 000
-0.0086 183 - 213
+0.0022 885 - 985
-0.0058 495 - 515
-0.0058 495 - 515
-0.0010 903 - 810
-0.22 130 - 270
-0.002 970 - 980
+2.24 420 - 550
-0.032 600 - 000
-0.0027 158 - 183
-0.004 000 - 020
-0.185 730 - 830
+0.0036 745 - 819
-0.0078 734 - 744
+0.0017 020 - 030

0.9996 -0.0003 995 - 986 1.0812 +0.0009 911 - 813 1.3751 -0.0018 748 - 753 7.8180 +0.0535 130 - 230

-0.0083 508 - 517
-0.0003 480 - 490
-0.01 600 - 100
-0.0077 689 - 351
-0.57 470 - 560
+0.043 305 - 355
+0.0085 318 - 335
-0.535 000 - 100
-0.0001 504 - 508
+0.0073 663 - 673
+0.008 620 - 650
+1 000 - 000
-0.01 100 - 600
+0.23 200 - 700

12,5989
36,8800
6,8200
6,0505
1,7907
281,200
1,4980
2,0158
7,4010
180,850
150,780
7,7762
1,4739
1,6744
1,1025

AND

low and the Singapore dollar a 30-month low against the US dollar, as contagion from the Thai baht and Philippine peso devaluations hung on. Bank Negara, Malaysia's central bank, surprised traders by apparently standing aside and letting its cur-rency plunga to 2.6330 against the dollar from better than 2.60 on Thursday. serious, Mr Ibrahim said: "I The bank earlier this month spent more than \$1bn am joking." But some traddefending the ringgit from speculators, but now seems

3.2 20.423 3.8 59.6193 3.3 11.0329 3.5 8.5698 3.8 9.7855 3.8 2.863 -3.7 483.610 0.7 11.05 0.0 2919.03 3.6 59.6183

3.5 59.6183 3.7 3.2482 3.0 12.0295 0.9 298.041 1.7 247.091 2.5 12.6813 5.4 2.3342

0.4 2.25 0.8 0.2 12.9118 0.5 -4.0 62.0265 -3.8

181.386 6.2 4.4396 -0.7 2.5739 -0.3 48.5254 -3.1 6.2318 0.9 2.3931 2.8 8.2586 -8.1

21.03 11.40 12.86 4.344 11.85

11.85 0.446 3.859 10.51 4.301 5.159 10 5.277 13.02 5.858 7.778 6.734 8.575

Sett prior 92.78 92.58 92.49 92.49 92.54

Sep 0.12 0.02 0

3.986 1.615 3.719 2.161 0.876 2.018 2.496 0.987 2.273 0.823 0.334 0.768 2.208 0.895 2.080

0.084 0.296 0.807 0.330 0.396 0.768 0.405 1 0.434 0.597 0.517

0.084 0.731 1.991 0.815 0.978 1.895 1 2.468 1.072 1.474 1.276 1.625

Latest Change High 0.8730 +0.0045 0.8740 0.8828 +0.0031 0.8845 0.8959 -0.0031

-0.02 -0.05 -0.05 -0.05 -0.05

Dec 0.09 0.03 0.01

High 92.80 92.62 92.54 92.55 92.58

0.079 0.682 1.658 0.760 0.912 1.768 0.933 2.302 1 1.375 1.190 1.518

108.1

61.3695 11.3244 8.7814 10.041 2.9699 475.248 1.1159

91,3893 3,3442 12,2988 302,129 251,401 12,9378 2,4344

45.718

499.0 265.2 298.9 -101.0

10.36 89.72 244.4 100 119.9 232.5 122.7 302.8 131.5 180.9 156.8 199.4

11,09 0,424 3,672 10 4,092 4,908 9,515 5,021 12,39 5,382 7,401 6,160

Sep Mar Jun Sep

0.118 1 2.724 1.115 1.337 2.592 1.368 3.375 1.468 2.018 1.745 2.222

407.7 221.1 249.2 84.20

8.641 74.80 203.7 83.37 100 193.8 102.3 252.5 109.7 150.8 130.5 166.2

0.0 3.5 3.8 3.1 0.6 1.5 2.5 5.3

Mr Anwar Ibrahim, Malaysia's acting prime minister and finance minister, said Malaysia would allow market forces to dictate the ments surprised some strategists, especially when he said the ringgit might be heading towards e four-year low. Asked whether he was ers took him et his word. Even the "safe heven" Sin-

OOLLAR SPOT

(Pesc) (RS) (CS) (Fesc) (S)

(AS) (Pa) (Shk) (MS) (NZS) (Paso) (SR) (Worl

2,704 1,466 1,653 0,558

0.057 0.496 1.351 0.553 0.863 1.286 0.678 1.674 0.727 1 0.866 1.103

1,3513 7,7485 35,8850 3,5310 115,515 2,6330 1,5324 28,1050 3,7506 1,4668 4,5635 885,000 27,9350

312.4 2.453 169.4 1.330 190.9 1.499 64.51 0.507

6.620 57.30 156.1 63.87 76.61 148.5 78.37 193.4 84.00 115.5 100

Low Est. vol Open int. 0.8674 11,813 57,550 0.8800 120 1,611 - 2 152

0.052 0.450 1.226 0.502 0.602 1.166 0.615 1.519 0.660 0.907 0.785

62,336 884 188

Est. vol Open int. 13346 126695 21621 125627 12087 101791 8441 71508 3732 51373

0.39 0.57 0.78

Europe
Austra
Beiglum
Denman
Finland
France
German
Gresce
Ireland
Italy
Luxemb
Netherla
Narway
Portugal
Spain
Sweden
Sweden
Sweden
Strate
UK
Ecu
SDR†

CURRENCIES

gaporean dollar slumped to 1.4668 against the US dollar. Strategists said Singapore was comfortable with a weaker currency. Devaluaket forces to dictate the tions by its neighbours bank to cut the overnight exchange rate. His commeant the country's exports rate another 300 basis points would lose competitiveness vesterday to 25 per cent.

unless its currency fell too.
The Indonesian rupiah
tumbled through the 2.50 barrier against the dollar. rency economist at UBS in London, said speculators were ignoring the reletively

37.1550 6.8545 5.3156 6.0822 1.8005

283,290 1,5020 1752,02

37.1550 2.0265 7.4475 181.770 161.830

7.8122 1.4843 1.8778 1.1051

0.9995 1.0814 1.3788 7.9290

1.3574 7.7570 35.7100 3.5590 118.200 2.6430 1.5414 30.0000 3.7506 1.4680 4.5650 687.000

0.798709 5.85424 1906,48

163.826 7.94556 2.16979 1.92573 13.5485 39.7191

Aug 2.28 1.73 1.28

Jinnco

VERY COMPETITIVE RATES

NON ERM MEMBERS Greece 295.269 UK 0.793109

Strike Price 1.660 1.670 1.680

1.0811 1.3733 7,9050

1.3508 1.3511
7.7475 7.749
35.6800 95.8225
3.5268 .
115.420 115
2.5860 2.6375
1.5316 1.5332
28.0000 3.7513
1.4565 1.4651
4.5570 4.804
893.000

12.5780 12.5748
36.8950 36.905
6.8045 6.0422 6.039
1.7895 1.7896
1.4920 1.4892
1.744.70 1745.62
2.0105 2.0110
7.5710 7.3865
180.590 180.614
150.630 150.735
7,7478 7.7691
1.4705 1.4686
1.6899 1.5727
1.0970 1.1039

the US dollar to \$0.649, as it fell victim to the speculators hunt for countries with large

12.3018 38.06 8.5779 5.162 5.9063 1.7441 291.7 1.4957

-0.2

12.5259 36.7535 6.7843 5.2559 8.0152 1.7791 284.55 1.4983 1749.62

1749,62 36,7535 2,003 7,3581 180,78 150,56 7,7498 1,4579 1,6891 1,1072

-0.2 1.4 -10.0

0.736553 +0.002864 6.84324 +0.00723

+3.87

+0.126 +0.00027 +0.00076 +0.00117 +0.0064 +0.0196

+0.025

1927,62

166.712 7.53886 2.22881 1.97977 13.9299 40.8775

310.821

CALLS Sep 2.88 2.40 1.96

**BASE LENDING RATES** 

3,7523 1,4613 4,6835

-0.19 1.11

1.76 2.63 2.72 2.81 2.82 2.92 3.55

5.27

-17,09

Aug 1.23 1.66 2.24

2.42

2.31 1.76 0.90 0.81 0.73 0.72 0.62 0.00

-1.63

24.85

PUTS Sep 1.96 2.42 2.82

-12 -18 -20 -28 -21 -21 -30

Oct 2.59 3.07

| WORL                        | 'או ם                    | र वस                     | 9                        | RATI               | ≣S.                  |  |                    |                   | W N                     |
|-----------------------------|--------------------------|--------------------------|--------------------------|--------------------|----------------------|--|--------------------|-------------------|-------------------------|
| MONEY                       |                          |                          |                          | -                  |                      |  | -                  |                   |                         |
| July 18                     | MA                       | Over                     | Ope                      | Three              | Six                  | One  | Lomb.              | Dis.              |                         |
|                             |                          | night                    | monti                    |                    | ertim                | year   | inter.             | rate              |                         |
| Belgium<br>Pracce           |                          | 37                       | 35                       | 34                 | 33                   | 32   | 6.00<br>3.10       | 2.50              | 4.75                    |
| Germany                     |                          | 3 <u>4</u><br>3 <u>4</u> | 31                       | 3 <u>13</u><br>3%  | 3 <u>7</u><br>34     | 3 <b>1</b>   | 4,50               | 2.50              | 3.00                    |
| ireland<br>Italy            |                          | 8<br>63                  | 6°                       | 6 <u>:</u><br>60   | 6%<br>60             | 6 <u>1</u><br>64   | 7.75               | 8.25              | 6.75<br>6.82            |
| Notherlande<br>Switzerland  |                          | 31                       | 33                       | 32                 | 317                  | 34   | -                  | 2.50              | 2.90                    |
| US                          |                          | 13a<br>5                 | 115<br>58                | 11½<br>55è         | 1 <u>3</u><br>5%     | 1%<br>52   | -                  | 1.00<br>5.00      |                         |
| Japan<br>SLEOR              |                          | 75                       |                          | ŭ,                 | , a                  | 3  |                    | 0.50              |                         |
| Interbenk R                 | gnixi                    |                          | 57                       | 514                | 277                  | A  |                    |                   |                         |
| US Deltar C                 |                          | •                        | 5.46                     | 5.54               | 5 <u>5</u><br>5.63   | 5.79   | -                  | Ξ                 | Ξ                       |
| SDR Linked                  |                          | -                        | 4 <u>5</u><br>3 <u>.</u> | 43<br>3;;          | 35                   | 36<br>34   | -                  | -                 |                         |
| \$ LIBOR and                | orbomik fo<br>Masjoor 11 | ding max<br>ism eacl     | t tre                    |                    |                      |  | ed to the          | merit             | et by for               |
| Mitsubishi, Bi              | ECCUPATE OF              | nd Nesses<br>The door    | nel We                   | Staniouser.        | 1400 00              | a med Barri  | ulina Trust        | . Bato            | k of Toley              |
| EURO (                      |                          |                          |                          |                    |                      |  |                    | Depa              | ecs (Der                |
| Jul 18                      | •                        | TION                     | 7 d                      | EVS.               | Oue<br>Dept. 1       | Three  |                    |                   | _                       |
|                             |                          | em                       | not                      |                    | nonth                | months   | Suc<br>monti       | 8                 | Acst                    |
| Belgian Fran<br>Denish Kron | o 34                     | 3.3                      | 3년 ·                     | 31 3               | 1 - 312<br>3 - 3 - 3 | 312 · 312  | 3/6 - :            | 4                 | 11 - 31<br>11 - 31      |
| German Mar<br>Dutch Guilde  | k 3½<br>v 3½             | : - 243<br>: - 34        | 34<br>34                 |                    | 1 - 34<br>- 31       | 3 2 3 3 3 3 3 3 4 3 3 4 3 3 4 3 3 8  | 3 <u>13</u> - :    |                   | 변 - 의<br>변 - 36         |
| French Frank                | 3 1                      | 3½                       | 3.2                      | 3.1 3              | 3 - 34               | 3 <sup>1</sup> 4 · 3 <sup>1</sup> 8<br>3 <sup>1</sup> 5 · 3 <sup>1</sup> 5 | 313 - :<br>313 - : | ), k              | )iė - 311               |
| Portuguese I<br>Spanish Pas |                          | - 54<br>- 54             | 58. ·                    | 5G 5               | 2 · 53               | 553 - 513  | 5 <u>2</u>         | و چا5             | 15 - 3 (2<br>15 - 5 (2  |
| Starting<br>Swas Franc      | 61                       | 112                      | 513 -<br>613 -<br>158 -  | 616 6              | 1 · 6%<br>2 · 12     | 7.4 - 612  | 74 - 1             | 74 <sub>8</sub> 7 | 54a · 543.<br>142 · 74. |
| Canadian Do                 | aber 3,∛                 | 3,4                      | 312 .                    | 3, 3               | 3 - 3/3              | 112 - 17<br>333 - 333  | 312                |                   | 14.13                   |
| US Dollar<br>Itelian Lira   | 74                       | 5 <sup>3</sup>           | 631 -                    | -6% 6              | - 5 <u>4</u>         | 511 - 55<br>612 - 613  | 5 k -              | 581               | 6-b - 503               |
| Japanese Ye<br>Asian SSing  |                          | 2 0                      | 4                        |                    | i - i}<br>i - 3i     | 416 3  |                    | 7                 | 14 - 6                  |
| Short term its              | tes are c                | all for th               | e US                     | Dollar and         | Yen, oth             | was: two d   | SAR, DOPE          | 310<br>3.         | 42 313                  |
| E THREE                     | MONTH                    | PIDO                     | R FU                     | TURES              | MATIFIE              | aris imens   | ank often          | ed rate           |                         |
|                             | Open                     |                          |                          | Change             | High                 |  |                    | _                 | Open in                 |
| Sep<br>Dec                  | 96.51<br>98.44           | 96.                      |                          | -                  | 96.51<br>96.45       |  |                    | 52<br>502         | 71,225                  |
| Mar                         | 96.39                    | 96.                      |                          | -0.01              | 98.39                |  |                    | 167               | 34,925<br>28,068        |
|                             |                          |                          |                          |                    |                      |  |                    |                   |                         |
| THE E                       |                          |                          |                          |                    |                      |  |                    |                   |                         |
| Sep                         | Open<br>96.80            | Sett p<br>96.7           |                          | -0.01              | High<br>96.80        | 96.76  |                    | vol<br>187        | Open in<br>288030       |
| Dec                         | 96.68                    | 98.6                     | 7                        | -0.01              | 96.68                | 95.65  | 23                 | 490               | 25915                   |
| Mar<br>Jun                  | 96.57<br>98.42           | 96.5                     |                          | 100                | 96.57<br>96.42       | 96.55<br>96.38   |                    | 095<br>161        | 264725<br>189033        |
| E ORE MC                    |                          | UROM                     | ARK                      | PUTUR              | SS (LIFF             | E)" DM3m   | _                  |                   |                         |
| Aug                         | Open                     | Sett p                   |                          | Change             | High                 | Low  |                    | vol<br>D          | Open in<br>490          |
| Sep                         | -                        | 96.8                     | 3                        |                    |                      | :  |                    | 0                 | 298                     |
| Oct<br>Nov                  | :                        | 96.8<br>96.8             |                          | :                  |                      | - :  |                    | 9                 | 265<br>50               |
| THREE                       | MONTH                    | EURO                     | LIRA                     | FUTUR              | us (LIF              | ET L100  | Om poin            | ts of             | 100%                    |
|                             | Open                     |                          |                          | Change             | High                 | Low  |                    |                   | Open in                 |
| Sep<br>Dec                  | 93.35<br>93.73           | 93.3<br>93.7             |                          | -0.03              | 93.35<br>93,73       | 93.30  |                    | 15<br>07          | 110177                  |
| Mar<br>Jun                  | 94.04<br>94.32           | 94.0                     | 8                        | -0.01              | 94.05                | 93.99<br>94.26   | 27                 | 67                | 52706<br>39875          |
| an<br>I THREE W             |                          |                          |                          | LANC FU            | 94,32<br>TURES (L    |  |                    |                   |                         |
|                             | Open                     |                          |                          | Change             | Hügh                 | Low  |                    |                   | Open in                 |
| Sep<br>Dec                  | 98.39<br>98.25           | 98.4<br>98.2             | 3                        | +0.03              | 98.45                | 98.38<br>98.25   | 75                 | 09<br>89          | 62533<br>48322          |
| Mar                         | 98.25                    | 98.2                     |                          | +0.03              | 98.30<br>98.22       | 98.10  |                    |                   | 18661                   |
| Jun                         | 98.02                    | 98.0                     |                          | +0.03              | 98.05                | 98.02  |                    | 7                 | 7778                    |
| THREE                       | Open                     |                          | _                        | Change             | High                 | E) Y1UUM   | <del></del>        |                   | Open in                 |
| Sep                         | · ·                      | 99.3                     |                          |                    | ,-gri                |  | Cast               |                   | open in                 |
| Dec<br>Mar                  |                          | 99.1                     | 8                        | -0.01              | •                    | •  | Č                  | )                 | n/a                     |
| Mar<br>II THREE I           | IONTH                    |                          |                          | -0.01<br>RJES (LJF | TB Ear               | tm points  |                    |                   | n/a                     |
|                             | Open                     |                          |                          | Change             | High                 | Low  |                    |                   | Open in                 |
|                             | 95.76                    | 95.7                     | 4                        | -0.02              | 95.76                | 95.73  | 67                 | 5                 | 19413                   |
| Dec<br>Mar                  | 95.72<br>95.74           | 95.7                     |                          | -0.01<br>-0.01     | 95.73<br>95.74       | 95.71<br>95.73   | 14<br>4            |                   | 7444<br>5111            |
| Jum                         |                          | 95,7                     | 0                        | -0.02              |                      |  | Č                  |                   | 3085                    |
| UFFE futures                | n nagas traj             | cied ga                  | MT                       |                    |                      |  |                    |                   |                         |
|                             |                          |                          |                          |                    |                      |  |                    |                   |                         |
| -                           |                          | ETIMA                    | DO: "                    | AP                 | M #4                 | الد ماماد  | 1009/              |                   |                         |
| THREE N                     | Open                     | Late                     |                          | Change             | Mij Sim (<br>High    | LOW<br>LOW   |                    | vol               | Open In                 |
| Sep                         | 94.23                    | 94.2                     |                          | -0.01              | 94.23                |  |                    |                   | 537,184                 |
| Dec<br>Mar                  | 94.06<br>94.01           | 94,0                     | 5                        | -                  | 94,06                | 94.04  | 62,                | 288               | 467,686                 |
|                             |                          | 93.9                     |                          |                    | 94.01                | 93.97  | 76,                | JU 1              | 324,425                 |
| US TREA                     |                          |                          |                          | ES (IMA            | νή \$1m ρ            |  |                    | _                 |                         |
|                             | 94.88<br>94.74           | 94.9                     |                          | -                  | 94.90<br>94.78       | 94.88  |                    |                   | 7,875<br>599            |
|                             | 21117                    |                          | ~                        | _                  | J-1.10               | C-WIN  | 2                  |                   | 222                     |

| Dec  |   |  |   |   |   |  |   |
|--|---|--|---|---|---|--|---|
|  | 96.68   | 98.67  |   | 96.68   | 96,65   | 23490  |   |
| Mar  | 96,57   | 96.56  | -   | 96.57   | 96.55   | 15095  |   |
| Jun  | 98.42   | 96,41  |   | 96.42   | 96.39   | 9661   |   |
| E ORE  | MONTH E   | UROMARN  | FUTURE  | S (LIFFE)                                     | DM3m p  | oints of 10  | K |
|  | Open  | Sett price   | Change  | High  | Low   | Est. vol   |   |
| Aug  | -   | 98.86  |   | -   | -   | 0  |   |
| Sep  | -   | 96.83  | -   |   |   | 0  |   |
| Oct  |   | 96.82  | -   |   | -   | 0  |   |
| Nev  |   | 96.80  |   |   | •   | 0  |   |
| THR  | EE MONT   | EUROLIR  | A FUTUR   | ES (LIFFE                                     | n" (_1000n  | points of  | 1 |
|  | Open  | Sett price   | Change  | High  | Low   | Est. vol   |   |
| Sep  | 93.35   | 93.31  | -0.03   | 93.35   | 93.30   | 6815   |   |
| Dec  | 93.73   | 93.70  | -0.02   | 93,73   | 93.69   | 5907   |   |
| Mar  | 94.04   | 94.09  | -0.01   | 94.05   | 93.99   | 2767   |   |
| dun .  | 94.32   | 94.30  |   | 94,32   | 94.26   | 2586   |   |
|  | E MONTH B   | URO SWISS  | FRANC FU  | TURES (LI                                     | FFE) SFrtm  | points of 10   | 0 |
|  | Open  | Sett price   | Change  | High  | Low   | Est. vol   |   |
| Sep  | 98.39   | 98.43  | +0.03   | 98.45   | 98.38   | 7509   |   |
| Dec  | 98.25   | 98.29  | +0.03   | 98,30   | 98.25   | 6189   |   |
| Mar  | 96.18   | 98.20  | +0.03   | 98.22   | 98.10   | 2446   |   |
|  |   |  |   |   |   |  |   |
| Jun  | 98.02   | 98.05  | +0.03   | 98.05   | 98.02   | 357  |   |
|  |   | 98.05<br>EUNOYEE   |   |   |   |  | K |
|  |   |  | FUTUR   |   |   |  |   |
| THE  | EE MONTH  | EUROYID  | FUTUR   | ES (LIFFE                                     | Y100m p   | onts of 10   |   |
|  | EE MONTH  | Sett price   | FUTUR   | ES (LIFFE                                     | Y100m p   | emts of 10<br>Est. vol   |   |
| ж тығы<br>Sep  | EE MONTH  | Sett price<br>99.32  | Change  | ES (LIFFE                                     | Y100m p   | Est. vol   |   |
| Sep<br>Dec<br>Mar  | Open  | Sett price<br>99.32<br>99.18   | Change<br>-0,01<br>-0.01  | High  | Y100m p   | Est. vol<br>0<br>0   |   |
| Sep<br>Dec<br>Mar  | Open  | Sett price<br>99.32<br>99.18<br>99.00  | Change<br>-0,01<br>-0.01<br>URES (LIF                                       | High  | Y100m p   | Est. vol<br>0<br>0   |   |
| Sep<br>Dec<br>Mar  | Open  Open  Open  Open                              | Sett price<br>99.32<br>99.18<br>99.00<br>ECU FUTI<br>Sett price  | Change -0.01 -0.01 URIES (LIF   | High High High High                           | Y100m p Low m points c  | Est. vol  0 0 0 100% Est, vol  |   |
| Sep<br>Dec<br>Mar<br>W YHRE  | Open Open Open 95.76                                | Sett price<br>99.32<br>99.18<br>99.00<br>ECU FUTO<br>Sett price<br>95.74   | Change<br>-0.01<br>-0.01<br>URBS (UF<br>Change<br>-0.02                     | High FE) Ecuty High 95.76                     | Low points o  | Est. vol<br>0<br>0<br>0<br>0<br>100%<br>Est. vol<br>675                    |   |
| Sep<br>Dec<br>Mar<br>THE   | Open Open Open Open Open 95.76 95.72                | Sett price<br>99.32<br>99.18<br>99.00<br>1 ECU FUTO<br>Sett price<br>95.74<br>95.71                                  | Change<br>-0.01<br>-0.01<br>URIES (LIF<br>Change<br>-0.02<br>-0.01          | High<br>FE) Ecuti<br>High<br>95.76<br>95.73   | Down points of Low 95.73 95.71                                      | ents of 10<br>Est. vol<br>0<br>0<br>f 100%<br>Est. vol<br>675<br>141       |   |
| Sep<br>Dec<br>Mar<br>W YHRE  | Open Open Open 95.76                                | Sett price<br>99.32<br>99.18<br>99.00<br>ECU FUTO<br>Sett price<br>95.74   | Change<br>-0.01<br>-0.01<br>URBS (UF<br>Change<br>-0.02                     | High FE) Ecuty High 95.76                     | Low points o  | Est. vol<br>0<br>0<br>0<br>0<br>100%<br>Est. vol<br>675                    |   |
| Sep<br>Dec<br>Mar<br>M YHRE<br>Sep<br>Dec<br>Mar<br>Jun                            | Open Open Open Open 95.76 95.72 95.74               | Sett price<br>99.32<br>99.18<br>99.00<br>ECU FUTO<br>Sett price<br>95.74<br>95.71<br>95.73                           | Change<br>-0.01<br>-0.01<br>-0.01<br>URIES (LIF<br>Change<br>-0.02<br>-0.01 | High<br>FE) Ecuti<br>High<br>95.76<br>95.73   | Down points of Low 95.73 95.71                                      | Est. vol<br>0<br>0<br>100%<br>Est, vol<br>675<br>141<br>45                 |   |
| Sep<br>Dec<br>Mar<br>III YHIIB<br>Sep<br>Dec<br>Mar<br>Jun                         | Open Open Open Open 95.76 95.72 95.74 Auten higo in | Sett price 99.32 99.18 99.00 1 ECU FUTO 95.74 95.71 95.70 add on APT   | Change -0.01 -0.01 -0.01 Change -0.02 -0.01 -0.01 -0.01                     | #gh<br><br>FE) Ecuti<br>#gh<br>95.73<br>95.74 | y 100m p<br>Low<br><br>m points c<br>Low<br>95.71<br>95.71<br>95.73 | ents of 10  Est. vol  0  0  0  f 100%  Est. vol  675  141  45  0           |   |
| Sep<br>Dec<br>Mar<br>III THIRD<br>Sep<br>Dec<br>Mar<br>Jun<br>LUFFE M              | Open Open Open 95.76 95.72 95.74 Auren nigo in      | Sett price<br>99.32<br>99.18<br>99.00<br>ECU FUTI<br>Sett price<br>95.74<br>85.71<br>95.73<br>95.70<br>icloid on APT | Change -0.01 -0.01 -0.01 URRES (LIF Change -0.02 -0.01 -0.02                | High FE) Ecuti High 95.76 95.74 High          | y Y100m p<br>Low<br>m points c<br>Low<br>95.73<br>95.71<br>95.73    | ent's of 10  Est. vol  0 0 0 f 100%  Est. vol 675 141 45 0  0%  Est. vol   |   |
| Sep Dec Mar THERE Sep Dec Mar LIFFE & THERE SEP SEP SEP SEP SEP SEP SEP SEP SEP SE | Open Open Open Open Open Open Open Open             | Sett price 99.32 99.18 99.00 I ECU FUTT Sett price 95.74 95.71 95.73 95.70 schol on APT Langt 94.22                  | Change -0.01 -0.01 -0.01 Change -0.02 -0.01 -0.01 -0.01                     | High  | 95.73<br>95.73<br>95.73<br>95.73<br>95.73                           | ents of 10  Est. vol  0 0 0 f 100%  Est. vol 675 141 45 0  Est. vol 45,358 | 1 |
| Sep<br>Dec<br>Mar<br>III THIRD<br>Sep<br>Dec<br>Mar<br>Jun<br>LUFFE M              | Open Open Open 95.76 95.72 95.74 Auren nigo in      | Sett price<br>99.32<br>99.18<br>99.00<br>ECU FUTI<br>Sett price<br>95.74<br>85.71<br>95.73<br>95.70<br>icloid on APT | Change -0.01 -0.01 -0.01 URRES (LIF Change -0.02 -0.01 -0.02                | High FE) Ecuti High 95.76 95.74 High          | y Y100m p<br>Low<br>m points c<br>Low<br>95.73<br>95.71<br>95.73    | ent's of 10  Est. vol  0 0 0 f 100%  Est. vol 675 141 45 0  0%  Est. vol   |   |

|     | Open             | Lanest. | Change    | High  | LOW   | Est, vol | Open Int |
|-----|------------------|---------|-----------|-------|-------|----------|----------|
| Sep | 94.23            | 94.22   | -0.01     | 94.23 | 84.22 | 45,358   | 537,182  |
| Dec | 94.06            | 94,05   | -         | 94,06 | 94.04 | 62,288   | 467,886  |
| Mar | 94.01            | 93.99   | -         | 94.01 | 93.97 | 76,801   | 324,425  |
|     | REASURY I        |         |           |       |       | 490      | 7 075    |
| Seg | 94.88            | 94.90   |           | 94.90 | 94.88 | 480      | 7,875    |
| Dec | 94.74            | 94.75   | -         | 94.78 | 94.74 | 27       | 599      |
|     | becorest tipe. a |         | new wheel |       |       |          |          |

| Strike                                | _                        |           | CALLS -      |                          |                                |          | 27U                        |             |
|---------------------------------------|--------------------------|-----------|--------------|--------------------------|--------------------------------|----------|----------------------------|-------------|
| Price                                 | Aug                      | Sep       | Oct          | Dec                      | Aug                            | Sep      | Oct                        | Dec         |
| 9675                                  | 90.0                     | 0.07      | E0.0         | 0.05                     | 0.02                           | 0.03     | 0.11                       | 0.13        |
| 9700                                  | 0                        | 0.01      | 0.01         | 0.01                     | 0.21                           | 0.22     | 0.34                       | 0.34        |
| 9725                                  | 0                        | 0         | 0            | 0                        | 0.46                           | 0.46     | 0.58                       | 0.58        |
| Est vol t                             | otel, Cells 2            | 00 Puts 7 | 50. Previou  | us day's o               | pen Int., C                    | ads 3436 | 72 Puts 26                 | 6442        |
|                                       | otel, Calls 2<br>SWASS I | RANG      | OPTIONS      | us cusy'e o<br>S (LIFFE) | pen Int., C<br>SFr 1m p        | oints of | 100%                       | 6442        |
| Est vol to<br>EURC<br>Strike<br>Price | SWASS                    | RANG      | Dec Previous | (LIFFE)                  | pen Int., C<br>SFr 1m p<br>Sep | oints of | 72 Puts 26<br>100%<br>PUTS | 6442<br>Mar |
| Strike                                | SWASS                    | ep        | CALLS -      | (LIFFE)                  | SFr 1m p                       | oints of | 100%<br>UTS                |             |

| Strike<br>Price | Sep  | - CALLS - | Mar  | Sep  | PUTS<br>Dec | Ma   |
|-----------------|------|-----------|------|------|-------------|------|
| 9325            | 0.17 | 0.54      | 0.98 | 0.11 | 0.09        | 0.10 |
| 9350            | 0.06 | 0.36      | 0.68 | 0.25 | 0.18        | 0.15 |
| 9375            | 0.02 | 0.21      | 0.51 | 0.46 | 0.26        | 0.23 |

| Strike       |                   | - CALLS -      |              |                 | - PUTS -    |      |
|--------------|-------------------|----------------|--------------|-----------------|-------------|------|
| Price        | Aug               | Sep            | Oct          | Aug             | Sep         | Oct  |
| 0.550        | 1.12              | 1.44           |              | 0.30            | 0.44        | 0.63 |
| 0.555        | 0.79              | 1,12           | 1,36         | 0.48            | 0.63        | 0.83 |
| 0.560        | 0.55              | 0.85           | 1.09         | 0.65            | 0.88        | 1.07 |
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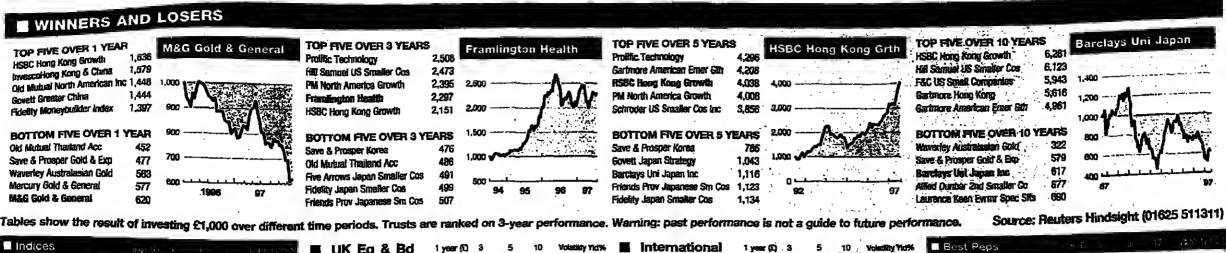
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| Average Unit Trust  | 77   |  |  |   | BWD Balanced Portfolio   | 1258  | 1686   | 2488  | -            | 3.0 1.   | 4 F   | Prolific Technology   | 1131   | 2508  | 4296 47  | 12 6  |  | Anther Burochan   | 1146 .   | 2031   | 3258   |                                     | 3.1 0.2  |
| Average Investment Trust  | 1094 131   | 2019   |  |   | Percetual High Income  |   | 1608   | 2567  | -            | 20 3   |   | Framington Health   |  |   | 2729 49  |   |  | Sag & Prosper Financial Secs  | 1389   | 1975   | 3223   |                                     | 3.0 1.3  |
| Bank  | 1164 133   |  |  | 4.5 5.1   | Credit Suisse High Income Port   |   | 1536   | 2296  | -            | 24 4   |   | Save & Prosper Financial Secs   | 1389   |   | 3223 30  | -   | 1.3  | Priends Prov European Gth   | 1265   | 1897   | 2782   |                                     | 2.6  |
| D. 3-6 O  | 1033 1111  |  | 1831   | 0.0 4.9   | Canitte Income Dis   | 1218  | 1501   | 1992  | 1958         | 2.0 3.   | 4 8   | Save & Prosper Growth   | 1362   | 1815  | 3042 29  | 70 2  | 7 1.8  | Allac Durbar European Growth .  |  | 1895   | 3043 ·   |                                     | 37 01  |
| Stockmarket: FTSE All-Share   | 1031 111   |  | 1837   | 0.0 4.7   | Sun Life Managed Inc & Gr Inc  | 1230  | 1455   | 1942  | 2247         | <b>2.6</b> 2.  | .7 5  | Scot Equitable Technology   | 1207   | 1775  | 2905 42  | 8 4   | .7 0.7   | Johnson By Slater Growth  | 1313   | 1888   | 2448   |                                     | 35 0.9   |
| Inflation   | 1318 167<br>1029 108   |  | 2649<br>1547   | 25 3.4<br>0.4   | SECTOR AVERAGE   | 1172  | 1435   | 2065  | 2012         | <b>23</b> 3.   | .o s  | SECTOR AVERAGE  | 1117   | 1315  | 2117 22  | 22 3  | 2 1.0  | AVERAGE UT PEP  | 1140   | 1417   | 2057   | . =                                 | 26 28  |
| ■ UK Growth   | year (C) 3   | 5  | 10 V   | elatility Yld%  | ■ UK Fixed Interes   | t   |  |   |              |  |   | Nth America   |  |   |  |   |  |   | year (E)   | 3  | 5 1  |                                     | Latility Yid?b   |
| Johnson Fry Slater Growth   | 1313 188   | 2448   |  | 3.5 0.9   | M&G Corporate Bond   |   | 1343   | -   |              | 1.8 6.   |   | Hill Samuel US Smaller Co's   | 1120   | 2473  | 3798 61  | 23 5  | 2 -  | Abtrust Property Share  | 1219   |  | 2389   |                                     | 3.0 1.8  |
| Jupiter UK Growth   | 1101 183   |  |  | 2.9 1.8   | Abtrust Fixed Interest   | 1096  | 1341   | 2115  | 2494         | 1.5 8.   | .5 F  | PM North America Growth   | 1311   |   | 4008 45  |   | .3 0.1   | Barclays Uni Property   | 1055   |  | 1324   |                                     | 0.9 5.5  |
| Perpetual UK Exempt   | 1263 1809  |  |  | 2.5 2.8   | Thornton Preference Inc.   | 1090  | 1335   | 1648  | 225O         | 1.9 8.   | .3 F  | Fidelity American Spec Sits   | 1253   | 2095  | 3113 36  | 9 4   | .7 -   | Narwich Property  | 1074   |  | 1486   |                                     | 1.1 5.8<br>1.7 4.6   |
| Barclays Uni Special Sits   | 1231 170   |  |  | 2.9 2.0   | Henderson Preference & Bond  | 1109  | 1291   | 1577  | 1857         | 1.4 8.   | .O E  | Edinburgh North American  | 1250   | 2092  | 3513 35  | 99 3  | 4 0.9  | SECTOR AVERAGE  | 1096   | 1148   | 1733   | -                                   | 1.7 4.0  |
| River & Mercantile 1st Growth   | 1288 167   | 3 -  |  | 2.6 0.8   | Allied Dunbar Conv & GRt   | 1129  | 1287   | 1689  | 1589         | 2.2 3.   | .7 0  | Gartmore American Emer Gth  | 1093   | 2052  | 4208 49  | 51 <b>6</b>   | - م  |   |  |  |  |                                     |  |
| SECTOR AVERAGE  | 1159 146   | 2048   | 1893   | 2.7 1.8   | SECTOR AVERAGE   | 1077  | 1227   | 1498  | 1936         | 1.7 6.   | .7 8  | SECTOR AVERAGE  | 1209   | 1706  | 2681 30  | 57 3  | LB 0.5   |   |  |  |  |                                     |  |
| ■ UK Growth & In  | come   |  |  |   | ■ UK Gilt  |   |  |   |              |  |   | Europe  |  |   |  |   |  | ■ Commodity & En  | ergy   | ,  |  |                                     |  |
| Fleming Select UK Income  | 1345 175   | 2355   | 2239   | 2.7 3.7   | M&G Gilt & Fixed Interest  | 1148  | 1311   | 1440  | 1945         | 1.9 6.   | 2 J   | Jupiter European  | 1146   | 2031  | 3258 49  | 55 3  | L1 0.2   | M&G Australasian & General Acc  |  | 1329   |  |                                     | 4.7 1.9  |
| Perpetual Income  | 1259 1698  |  |  | 2.4 2.8   | Gartmore PS Fixed Interest   |   | 1257   | 1447  |              | 1.7 7.   |   | Baring Europe Select  | 1163   |   | 3009 30  |   | 5 0.8  | M&G Commodity & General   | 929  |  |  |                                     | 4.8 0.6  |
| HSBC Footsie Fund   | 1387 165   |  |  | 2.6 2.6   | Murray Acumen Reserve  | 1092  | 1248   | 1423  | -            | 1.4 8.   | .B F  | Friends Prov European Gth   | 1265   | 1897  | 2782 .   | - 2   | - 8  | Save & Prosper Commodity  | 838  |  |  |                                     | 5.7 -  |
| azard UK Income & Growth  | 1215 1654  | 2125   | 2244   | 2.6 3.3   | Schroder Gilt & Fixed Int Acc  | 1073  | 1222   | 1397  | -            | 1.9 7.   | 2 A   | Allied Dunbar European Growth   | 1249   | 1895  | 3043 29  | 70 3  | L7 Q.1   | Hiti Samuel Natural Resources   | 825  |  | 1531   |                                     | 4.7 0.6  |
| egal & General Ur. Stockmitt A  | Ac 1387 1654   |  | -  | 27 1.4  | Midland Gift & Fixed Interest  | 1055  | 1220   | 1394  | 1845         | 1.2 6.   | 4 6   | Gartmore European Sel Opps  | 1240   | 1842  | 3099 32  | 77 2  | - 7  | Allied Dunbar Metals Min Comm   |  | 895  |  |                                     | 4.8 0.2  |
| SECTOR AVERAGE  | 1205 1474  | 2004   | 2103   | 2.6 2.6   | SECTOR AVERAGE   | 1065  | 1176   | 1357  | 1926         | 1.5 5.   | 9 8   | SECTOR AVERAGE  | 1185   | 1517  | 2324 27  | 36 3  | LO 0.7   | SECTOR AVERAGE  | 752  | 878  | 1875   | 1127                                | 6.0 0.7  |
| ■ UK Smaller Con  | panies   |  |  |   | ■ International Equ  | ity ir  | con  | ne .  |              |  |   | ■ Japan   |  |   |  |   |  | ■ Investment Trust  | Unit   | ts   |  |                                     |  |
| Laurence Keen Smaller Cos   | 1123 1831  | -  | -  | 2.9 1.2   | GT International Income Inc  | 1142  | 1426   | 2150  | 2581         | 23 2.  | .1 N  | Mertin Currie Japan   | 966  | 945   | 2169   | - 5   | <b>.4</b> -  | Quitter Investment Trusts Inc   | 1125   | 1388   |  |                                     | 3.1 0.6  |
| Gartmore UK Smaller Companie  | es 1123 1820   | 2532   | 1628   | 3.4 0.3   | Martin Currie Int'l Income   | 1195  | 1412   | 2106  | -            | 2,5 3.   | .3 G  | GT Japan Growth   | 949  | 941   | 1785 15  | 39 3  | U.5 -  | Equitable Trust of Invest Tsts  | 1113   |  |  |                                     | 2.7 1.3  |
| NVESCO UK Smaller Companie  |  | 2638   | 1544   | 3.8 1.3   | Dolphin Int'l Gth & Income   | 1151  | 1397   | 2012  | 1373         | 28 1.  | 3 1   | Newton Japan  | 1005   | 910   | 1858 13  | 79 4  | .9 -   | Quilter High Inc Inv Tst Acc  |  |  | 2401   |                                     | 2.6 3.3  |
|   |  |  |  |   |  |   |  |   |              |  |   |   |  |   |  | - 4   |  | M&G Fund of Investment Trusts   | 1107   |  | 2092   | 2365                                | 3.1 1.3  |
| VES Smaller Companies   | 1008 1702  | 2169   |  | 3.0 0.9   | Mayflower Global Income  | 1123  | 1365   | 2066  | 2087         | 2.3 3.   | .4 N  | Murray Japan Growth   | 953  | 908   | -  | _   | -  |   | _  |  |  |                                     |  |
|   |  |  |  |   | Mayflower Global Income<br>M&G International Income  |   |  | 2066 :<br>2074 :  |              |  |   | Murray Japan Growth<br>Hill Samuel Japan Technology   | 953<br>884   |   | 1967 20  |   | .8 -   | Exeter Fund of Investment Tsts  | 1087   | 1263   | 2250   | 2504                                | 2.9 0.5  |
| Britannia Smaller Co's Acc  | 1008 1703  | 2845   | 1779   |   |  | 1136  | 1315   |   | 2437         | 2.3 4.   | .1 F  |   |  | 890   | 1967 20<br>1499 12   | 37 5  |  |   | 1087   | 1263   | 2250   | 2504                                | 2.9 0.5<br>2.8 1.8   |
| Britannia Smaller Co's Acc<br>SECTOR AVERAGE  | 1008 1702<br>1073 1652<br>985 1299   | 2845   | 1779   | 3.1 0.4   | M&G International Income<br>SECTOR AVERAGE   | 1136<br>1142  | 1315<br>1329   | 2074<br>2013  | 2437         | 2.3 4.   | .1 F<br>.9 S                                | Hill Samuel Japan Technology<br>SECTOR AVERAGE  | 884<br>827   | 890   |  | 37 5  | .8 -   | Exeter Fund of Investment Tata<br>SECTOR AVERAGE  | 1087   | 1263   | 2250   | 2504                                |  |
| Britannia Smaller Co's Acc<br>SECTOR AVERAGE  UK Equity Incom   | 1008 1702<br>1073 1652<br>985 1299   | 2845<br>1949   | 1779<br>1444   | 3.1 0.4<br>2.9 1.6  | M&G International Income SECTOR AVERAGE  International Fixe  | 1136<br>1142<br>ed Int  | 1315<br>1329<br>teres  | 2074<br>2013  | 2437<br>2039 | 23 4.<br>24 2.   | .1 F<br>.9 S                                | Hill Samuel Japan Technology<br>SECTOR AVERAGE<br>Far East inc Jap  | 884<br>827<br>Dan  | 890<br>715  | 1499 12  | 37 5<br>71 5  | .8 -   | Exeter Fund of Investment Tsts  | 1087<br>1092   | 1263   | 2250<br>2081   | 2504<br>2133                        |  |
| Britannia Smaller Co's Acc<br>SECTOR AVERAGE  WK Equity Incom-<br>Jupiter Income  | 1008 1702<br>1073 1652<br>985 1299<br>0C<br>1181 1859  | 2845<br>1949<br>3348   | 1779<br>1444   | 3.1 0.4<br>2.9 1.6<br>2.6 4.0   | M&G International Income SECTOR AVERAGE  International Fixe Bering Global Bond   | 1136<br>1142<br>ed Int<br>1020  | 1315<br>1329<br>teres  | 2074<br>2013<br>st<br>1621  | 2437<br>2039 | 2.3 4.<br>2.4 2.<br>1.5 6.   | .1 F<br>.9 S                                | Hill Samuel Japan Technology<br>SECTOR AVERAGE  Far East inc Jap<br>Govett Greater China  | 884<br>827<br>240<br>1444  | 890<br>715  | 1499 12<br>3072 35   | 37 5<br>71 5  | .8 -<br>.2 0.2   | Exeter Fund of Investment Tata<br>SECTOR AVERAGE  Fund of Funds Sun Allience Portfolio  | 1087<br>1092<br>1161   | 1263<br>1238<br>1455   | 2250<br>2081   | 2504<br>2133                        | 2.8 1.8  |
| Britannia Smaller Co's Acc<br>SECTOR AVERAGE  WK Equity Incom-<br>Jupiter Income  Acand UK Income   | 1008 1702<br>1073 1652<br>985 1298<br>700<br>1181 1859<br>1206 1666  | 2845<br>1949<br>3348<br>2275   | 1779<br>1444<br>2658   | 3.1 0.4<br>2.9 1.6<br>2.6 4.0<br>2.5 4.2  | M&G international Income<br>SECTOR AVERAGE  International Fixe<br>Bering Global Bond<br>Barclays Uni European Bond Inc   | 1136<br>1142<br>ed Int<br>1020<br>1051  | 1315<br>1329<br>teres<br>1235<br>1197  | 2074<br>2013<br>st<br>1621  | 2437<br>2039 | 2.3 4.<br>2.4 2.<br>1.5 6.<br>1.0 5,   | .1 F<br>.9 S<br>.2 G                        | Hill Samuel Japan Technology<br>SECTOR AVERAGE  Far East inc Jap<br>Govett Greater China<br>Abtrust Pacific   | 884<br>827<br>241<br>1444<br>941   | 890<br>715<br>1461<br>1092  | 1499 12<br>3072 35<br>2239 29  | 37 5<br>71 5<br>07 4<br>54 8                                      | .8 -<br>.2 0.2<br>.8 -<br>.9 0.3   | Exeter Fund of Investment Tets SECTOR AVERAGE  Fund of Funds Sun Allience Portfolio Britannia Managed Portfilo Inc  | 1087<br>1082<br>1161<br>1159   | 1263<br>1238<br>1455   | 2250<br>2061<br>2211<br>2379                                 | 2504<br>2133                        | 2.8 1.8<br>2.8 -   |
| Britannia Smaller Co's Acc<br>SECTOR AVERAGE  W Equity Incom-<br>Jupiter Income<br>Lazard UK Income<br>BWD UK Equity Income   | 1008 1702<br>1073 1652<br>985 1299<br>0C<br>1181 1859  | 2845<br>1949<br>3348<br>2275<br>2300   | 1779<br>1444<br>2658<br>2393   | 3.1 0.4<br>2.9 1.6<br>2.6 4.0   | M&G international Income SECTOR AVERAGE  International Fixe Baring Global Bond Barcfays Uni European Bond Inc Old Mutual Worldwide Bond Inc  | 1136<br>1142<br>ed Int<br>1020<br>1051<br>985   | 1315<br>1329<br>teres<br>1235<br>1197<br>1193  | 2074<br>2013<br>st<br>1621  | 2437<br>2039 | 2.3 4.<br>2.4 2.<br>1.5 6.<br>1.0 5.<br>1.7 5.   | .1 F9 S                                     | Hill Samuel Japan Technology<br>SECTOR AVERAGE  Far East inc Jap<br>Govett Greater China  | 884<br>827<br>240<br>1444  | 890<br>715<br>1461<br>1092<br>1077                                  | 1499 12<br>3072 35   | 37 5<br>71 5<br>07 4<br>54 8                                      | .8 -<br>.2 0.2<br>.8 -<br>.9 0.3   | Exeter Fund of Investment Tata<br>SECTOR AVERAGE  Fund of Funds Sun Allience Portfolio  | 1087<br>1092<br>1161<br>1159<br>1127   | 1263<br>1238<br>1455<br>1447<br>1413   | 2250<br>2061<br>2211<br>2379                                 | 2504<br>2133                        | 2.8 1.8<br>2.8 -<br>2.9 1.3  |
| Britannia Smaller Co's Acc<br>SECTOR AVERAGE  UK Equity Incom-<br>Jupiter Income Lazard UK Income BWD UK Equity Income Britannia High Yield Inc   | 1008 1702<br>1073 1652<br>985 1299<br>000<br>1181 1859<br>1206 1666<br>1263 1632   | 2845<br>1949<br>3348<br>2275<br>2300<br>2467   | 1779<br>1444<br>2658<br>2393<br>2775                                 | 3.1 0.4<br>2.9 1.6<br>2.6 4.0<br>2.5 4.2<br>2.7 3.4   | M&G International Income SECTOR AVERAGE  International Fixe Baring Global Bond Barcfays Uni European Bond Inc Old Mutual Worldwide Bond Inc Newton International Bond  | 1136<br>1142<br>ed Int<br>1020<br>1051<br>985<br>1018   | 1315<br>1329<br>teres<br>1235<br>1197<br>1193<br>1169  | 2074<br>2013<br>st<br>1621  | 2437 2039    | 2.3 4.<br>2.4 2.<br>1.5 6.<br>1.0 5.<br>1.7 5.<br>2.1 5.   | 1 F.9 S                                     | Hill Samuel Japan Technology<br>SECTOR AVERAGE  Far East inc Jap<br>Govett Greater China<br>Abtrust Pacific<br>Schroder Far East Growth Inc   | 884<br>827<br>220<br>1444<br>941<br>954  | 890<br>715<br>1461<br>1092<br>1077<br>1047                          | 1499 12<br>3072 35<br>2239 29<br>2478<br>2079 22   | 37 5<br>71 5<br>07 4<br>54 8                                      | .8 -<br>.2 0.2<br>.8 -<br>.9 0.3<br>.3 -<br>.5 0.2                       | Exeter Fund of Investment Tata SECTOR AVERAGE  Fund of Funds Sun Allience Portfolio Britannia Managed Portfilo Inc Schroder Managed Bal Acc Inst Invesco Managed Acc  | 1087<br>1092<br>1161<br>1159<br>1127<br>1122   | 1263<br>1238<br>1455<br>1447<br>1413<br>1408   | 2250<br>2061<br>2211<br>2379<br>2070                         | 2504                                | 2.8 -<br>2.9 1.3<br>2.2 3.6<br>2.8 1.0<br>2.2 1.6                                  |
| Britannia Smaller Co's Acc<br>SECTOR AVERAGE  UK Equity Incom-<br>Jupiter Income Lazard UK Income BWD UK Equity Income Britannia High Yield Inc River & Mercantile 1st Income   | 1008 1702<br>1073 1652<br>985 1299<br>000<br>1181 1859<br>1206 1666<br>1263 1632<br>1197 1618  | 2845<br>1949<br>3348<br>2275<br>2300<br>2467<br>2294   | 1779<br>1444<br>2658<br>2393<br>2775                                 | 3.1 0.4<br>2.9 1.6<br>2.6 4.0<br>2.5 4.2<br>2.7 3.4<br>2.4 3.9  | M&G international Income SECTOR AVERAGE  International Fixe Baring Global Bond Barcfays Uni European Bond Inc Old Mutual Worldwide Bond Inc  | 1136<br>1142<br>ed Int<br>1020<br>1051<br>985<br>1018<br>1024   | 1315<br>1329<br>teres<br>1235<br>1197<br>1193<br>1169<br>1153  | 2074<br>2013<br>st<br>1621<br>1455<br>1515<br>1447                                  | 2437 2039    | 2.3 4.<br>2.4 2.<br>1.5 6.<br>1.0 5.<br>1.7 5.   | 1 F.9 S                                     | Hill Samuel Japan Technology SECTOR AVERAGE  Far East inc Jap Govett Greater China Abtrust Pacific Schroder Far East Growth Inc Martin Currle Far East  | 884<br>827<br>02IT<br>1444<br>941<br>954<br>1044   | 1461<br>1092<br>1077<br>1047<br>1041                                | 1499 12<br>3072 35<br>2239 29<br>2478<br>2079 22   | 37 5<br>71 5<br>07 4<br>54 3<br>- 4<br>80 4<br>82 3               | .8 -<br>.2 0.2<br>.8 -<br>.9 0.3<br>.3 -<br>.8 0.2<br>.4 3.5             | Exeter Fund of Investment Tets SECTOR AVERAGE  Fund of Funds Sun Allience Portfolio Britannia Managed Portfilo Inc Schroder Managed Bal Acc Inst  | 1087<br>1092<br>1161<br>1159<br>1127<br>1122<br>1099   | 1263<br>1238<br>1455<br>1447<br>1413<br>1408   | 2250<br>2081<br>2211<br>2379<br>2070<br>2068<br>2246         | 2504                                | 2.8 1.8<br>2.8 -<br>2.9 1.3<br>2.2 3.6<br>2.6 1.0                                  |
| Britannia Smaller Co's Acc<br>SECTOR AVERAGE  LUK Equity Income<br>Jupiter Income<br>Lazard UK Income<br>SwyD UK Equity Income<br>Britannia High Yield Inc<br>Sitter & Mercantile 1st Income<br>SECTOR AVERAGE  | 1008 1702<br>1073 1652<br>965 1299<br>1296<br>1181 1859<br>1206 1666<br>1253 1632<br>1197 1618<br>1259 1574<br>1186 1426   | 3348<br>2275<br>2300<br>2467<br>2294<br>2033   | 1779<br>1444<br>2658<br>2393<br>2775                                 | 3.1 0.4<br>2.9 1.6<br>2.6 4.0<br>2.5 4.2<br>2.7 3.4<br>2.4 3.9<br>2.6 4.1   | M&G International Income SECTOR AVERAGE  International Fixe Baring Global Bond Barcfays Unit European Bond Inc Old Mutual Worldwide Bond Inc Newton International Bond AES Intl Bond & Convertible SECTOR AVERAGE  | 1136<br>1142<br>ed Int<br>1020<br>1051<br>986<br>1018<br>1024<br>940  | 1315<br>1329<br>teres<br>1235<br>1197<br>1193<br>1169<br>1153<br>1066  | 2074<br>2013<br>st<br>1621<br>1455<br>1515<br>1447<br>1356                          | 2437 2039    | 2.3 4.<br>2.4 2.<br>1.5 6.<br>1.0 5,<br>1.7 5.<br>2.1 5.<br>1.3 8,   | 1 H.9 S                                     | Hill Samuel Japan Technology SECTOR AVERAGE  Far East inc Jap Govett Greater China Abtrust Pacific Schroder Far East Growth Inc Martin Currie Far East Thornton Oriental Income Inc SECTOR AVERAGE  | 884<br>827<br>02IT<br>1444<br>941<br>954<br>1044<br>1039<br>941  | 1461<br>1092<br>1077<br>1047<br>1041                                | 1499 12<br>3072 35<br>2239 29<br>2478<br>2079 22<br>1731 19  | 37 5<br>71 5<br>07 4<br>54 3<br>- 4<br>80 4<br>82 3               | .8 -<br>.2 0.2<br>.8 -<br>.9 0.3<br>.3 -<br>.8 0.2<br>.4 3.5             | Exeter Fund of Investment Tata SECTOR AVERAGE  Fund of Funds Sun Alience Portfolio Britannia Managed Portfilo Inc Schroder Managed Bell Acc Inst INVESCO Managed Acc Morgan Grentell Managed Inc SECTOR AVERAGE   | 1087<br>1082<br>1161<br>1159<br>1127<br>1122<br>1099<br>1062                                 | 1263<br>1238<br>1455<br>1447<br>1413<br>1408<br>1375<br>1246   | 2250<br>2081<br>2211<br>2379<br>2070<br>2068<br>2246         | 2504                                | 2.8 -<br>2.9 1.3<br>2.2 3.6<br>2.8 1.0<br>2.2 1.6                                  |
| Britannia Smaller Co's Acc<br>SECTOR AVERAGE  I UK Equity Income<br>upiter income<br>azard UK income<br>BWD UK Equity income<br>britannia High Yield Inc<br>tiver & Mercantile 1st income<br>ECTOR AVERAGE  I UK Equity & Bor   | 1008 1702<br>1073 1652<br>965 1296<br>000<br>1181 1859<br>1206 1666<br>1263 1632<br>1197 1618<br>1259 1574<br>1186 1426  | 2845<br>1949<br>3348<br>2275<br>2300<br>2457<br>2294<br>2033                                       | 1779<br>1444<br>2658<br>2393<br>2775<br>2097                         | 3.1 0.4<br>2.9 1.6<br>2.6 4.0<br>2.5 4.2<br>2.7 3.4<br>2.4 3.9<br>2.6 4.1<br>2.5 4.4  | M&G International Income SECTOR AVERAGE  International Fixe Baring Global Bond Barclays Unit European Bond Inc Old Mutual Worldwide Bond Inc Newton International Bond AES Intl Bond & Convertible SECTOR AVERAGE  International Equ   | 1136<br>1142<br>ed Int<br>1020<br>1051<br>985<br>1018<br>1024<br>940  | 1315<br>1329<br>teres<br>1235<br>1197<br>1193<br>1169<br>1153<br>1066  | 2074 : 2013 : 1621 : 1455 : 1547 : 1356 : 1dd                                       | 2437 2039    | 2.3 4.<br>2.4 2.<br>1.5 6.<br>1.0 5.<br>1.7 5.<br>2.1 5.<br>1.3 8.<br>1.6 5.   | 1 F.9 S                                     | Hill Samuel Japan Technology SECTOR AVERAGE  Far East inc Jap Govett Greater China Abtrust Pacific Schroder Far East Growth Inc Martin Currle Far East Thornton Oriental Income Inc SECTOR AVERAGE  Far East exc Ja   | 984<br>827<br>941<br>941<br>954<br>1044<br>1039<br>941   | 890<br>715<br>1461<br>1092<br>1077<br>1047<br>1041<br>954           | 3072 35<br>2239 29<br>2478<br>2079 22<br>1731 19<br>1943 20  | 37 5<br>71 5<br>07 4<br>54 3<br>- 4<br>80 4<br>82 3               | 12 02<br>12 02<br>18 -<br>19 03<br>13 -<br>16 02<br>14 35<br>12 06       | Exeter Fund of Investment Tata SECTOR AVERAGE  Fund of Funds Sun Alfance Portfolio Britannia Managed Portfolio Inc Schroder Managed Bel Acc Inst InVESCO Managed Acc Morgan Grantell Managed Inc SECTOR AVERAGE  Global Emerging  | 1087<br>1092<br>1161<br>1159<br>1127<br>1099<br>1062<br>Mkts                                 | 1263<br>1238<br>1455<br>1447<br>1413<br>1408<br>1375<br>1246   | 2250<br>2081<br>2211<br>2379<br>2070<br>2068<br>2246         | 2504 2133                           | 2.8 -<br>2.9 1.3<br>2.2 3.6<br>2.8 1.0<br>2.2 1.6                                  |
| Britannia Smaller Co's Acc SECTOR AVERAGE  I UK Equity Income JUB | 1008 1702<br>1073 1652<br>965 1299<br>1296<br>1281 1656<br>1263 1632<br>1197 1618<br>1259 1574<br>1186 1426<br>1197 1618<br>1259 1574  | 2845<br>1949<br>3348<br>2275<br>2300<br>2467<br>2294<br>2033                                       | 1779<br>1444<br>2658<br>2393<br>2775<br>2097                         | 3.1 0.4<br>2.9 1.6<br>2.6 4.0<br>2.5 4.2<br>2.7 3.4<br>2.4 3.9<br>2.6 4.1<br>2.5 4.4  | M&G International Income SECTOR AVERAGE  International Fixe Baring Global Bond Barcfays Unit European Bond Inc Old Mutual Worldwide Bond Inc Newton International Bond AES Intl Bond & Convertible SECTOR AVERAGE  International Equipment Bank of Ireland Ex Mgd Growth   | 1136<br>1142<br>ed Int<br>1020<br>1051<br>985<br>1018<br>1024<br>940<br>ity &<br>1148                       | 1315<br>1329<br>teres<br>1235<br>1197<br>1193<br>1169<br>1153<br>1066<br>Bot<br>1487                         | 2074 : 2013 : st  | 2437<br>2039 | 2.3 4.<br>2.4 2.<br>1.5 6.<br>1.0 5.<br>1.7 5.<br>2.1 5.<br>1.3 8.<br>1.6 5.   | 1 H.9 S                                     | Hill Samuel Japan Technology SECTOR AVERAGE  Far East inc Jap Govett Greater China Abtrust Pacific Schroder Far East Growth Inc Martin Currie Far East Thornton Oriental Income Inc SECTOR AVERAGE  Far East exc Jap HSBC Hong Kong Growth  | 884<br>827<br>020<br>1444<br>941<br>954<br>1044<br>1039<br>941<br>pan<br>1636                          | 890<br>715<br>1461<br>1092<br>1077<br>1047<br>1041<br>954           | 3072 35<br>2239 29<br>2478<br>2079 22<br>1731 19<br>1943 20<br>4038 62   | 37 5<br>71 5<br>07 4<br>54 3<br>- 4<br>80 4<br>82 3<br>43 4       | 13 -<br>12 0.2<br>13 -<br>19 0.3<br>13 -<br>16 0.2<br>14 3.5<br>12 0.6   | Exeter Fund of Investment Tata SECTOR AVERAGE  Fund of Funds Sun Alience Portfolio Britannia Managed Portfolio Inc Schroder Managed Bal Acc Inst INVESCO Managed Acc Morgan Grantell Managed Inc SECTOR AVERAGE  Global Emerging Mercury Emerging Markets   | 1161<br>1159<br>1127<br>1062<br>Mkts   | 1263<br>1238<br>1455<br>1447<br>1413<br>1408<br>1375<br>1246   | 2250<br>2081<br>2211<br>2379<br>2070<br>2068<br>2246         | 2504<br>2133<br>-<br>-<br>-<br>1850 | 2.8 -<br>2.9 1.3<br>2.2 3.6<br>2.8 1.0<br>2.2 1.6<br>2.4 2.0                       |
| Artiannia Smaller Co's Acc<br>ECTOR AVERAGE  I UK Equity Income<br>upiter income<br>azard UK fracome<br>WD UK Equity income<br>ritannia High Yield inc<br>river & Mercantile 1st income<br>ECTOR AVERAGE  I UK Equity & Bor<br>rolific Extra income<br>abby National Extra income   | 1008 1702<br>1073 1652<br>985 1298<br>1286 1666<br>1263 1632<br>1197 1618<br>1259 1574<br>1186 1426<br>1154 1460<br>1247 1452  | 2845<br>1949<br>3348<br>2275<br>2300<br>2467<br>2294<br>2033<br>80<br>2029<br>2316                 | 1779<br>1444<br>2658<br>2393<br>2775<br>2097                         | 3.1 0.4<br>2.9 1.6<br>2.6 4.0<br>2.5 4.2<br>2.7 3.4<br>2.4 3.9<br>2.8 4.1<br>2.5 4.4<br>2.1 4.4<br>2.2 6.1                                  | M&G international Income SECTOR AVERAGE  International Fixe Baring Global Bond Barclays Uni European Bond Inc Old Mutual Worldwide Bond Inc Newton International Bond AES Intl Bond & Convertible SECTOR AVERAGE  International Equipment Bank of Ireland Ex Mgd Growth Fleming General Opportunities  | 1136<br>1142<br>ed Int<br>1020<br>1051<br>985<br>1018<br>1024<br>940<br>ity &<br>1148<br>1170               | 1315<br>1329<br>teres<br>1235<br>1197<br>1193<br>1169<br>1153<br>1066<br>Bot<br>1487<br>1453                 | 2074 : 2013 : t   | 2437<br>2039 | 2.3 4.<br>2.4 2.<br>1.5 6.<br>1.0 5.<br>1.7 5.<br>2.1 5.<br>1.3 8.<br>1.6 5.<br>2.0 2.<br>2.3 3.                     | 1 H 9 S S S S S S S S S S S S S S S S S S   | Hill Samuel Japan Technology SECTOR AVERAGE  Far East inc Jap Govett Greater China Abtrust Pacific Sector Far East Growth Inc Martin Currie Far East Thornton Oriental Income Inc SECTOR AVERAGE  Far East exc Jap HSBC Hong Kong Growth INVESCO Hong Kong & China                                      | 884<br>827<br>020<br>1444<br>941<br>954<br>1044<br>1039<br>941<br>026<br>1579                          | 1461<br>1092<br>1077<br>1047<br>1041<br>954<br>2151<br>1715         | 3072 35<br>2239 29<br>2478<br>2079 22<br>1731 19<br>1943 20<br>4038 62<br>3065 39  | 37 571 5<br>71 5<br>54 3<br>- 4<br>80 4<br>82 3<br>43 4           | 13 - 12 0.2 1.3 - 1.5 0.2 1.4 0.2 1.4 0.2 1.3 0.3                        | Exeter Fund of Investment Tata SECTOR AVERAGE  Fund of Funds Sun Alience Portfolio Britannia Managed Portfolio Inc. Schroder Managed Bal Acc Inst. INVESCO Managed Acc. Morgan Grenfell Managed Inc. SECTOR AVERAGE  Global Emerging Merkets Stewart Ivory Emerging Merket  | 1087<br>1082<br>1161<br>1159<br>1127<br>1122<br>1099<br>1062<br>Micts<br>1127<br>1149        | 1263<br>1238<br>1455<br>1447<br>1413<br>1408<br>1375<br>1246<br>\$<br>1286<br>1202   | 2250<br>2081<br>2211<br>2379<br>2070<br>2068<br>2246<br>1880 | 2504<br>2133<br>-<br>-<br>-<br>1850 | 2.8 -<br>2.9 1.3<br>2.2 3.6<br>2.8 1.0<br>2.2 1.6<br>2.4 2.0<br>5.4 0.5            |
| Aritannia Smaller Co's Acc<br>SECTOR AVERAGE  I UK Equity Income<br>upiter income<br>azard UK Income<br>W/D UK Equity Income<br>siritannia High Yield Inc<br>siver & Mercantile 1st Income<br>ECTOR AVERAGE  I UK Equity & Bor<br>rolific Extra Income<br>bbey National Extra Income<br>for Med Retirement Income inc   | 1008 1702<br>1073 1652<br>985 1295<br>1296<br>1281 1859<br>1208 1666<br>1263 1632<br>1197 1618<br>1259 1574<br>1186 1426<br>1186 1426<br>1154 1460<br>1247 1452<br>1208 1449 | 2845<br>1949<br>3348<br>2275<br>2300<br>2457<br>2294<br>2033<br>36<br>2029<br>2316<br>2037         | 1779<br>1444<br>2658<br>2393<br>2775<br>2097                         | 3.1 0.4<br>2.9 1.6<br>2.6 4.0<br>2.5 4.2<br>2.7 3.4<br>2.4 3.9<br>2.6 4.1<br>2.5 4.4<br>2.1 4.4<br>2.2 6.1<br>2.7 5.6                       | M&G International Income SECTOR AVERAGE  International Fixe Bering Global Bond Barcfays Uni European Bond Inc Old Mutual Worldwide Bond Inc Newton International Bond AES Intl Bond & Convertible SECTOR AVERAGE  International Equipment of Ireland Ex Mgd Growth Fleming General Opportunities Bellie Gifford Managed                            | 1136<br>1142<br>ed Int<br>1020<br>1051<br>985<br>1018<br>1024<br>940<br>ity &<br>1148<br>1170<br>1186       | 1315<br>1329<br>teres<br>1235<br>1197<br>1193<br>1169<br>1153<br>1066<br>Bot<br>1487<br>1453<br>1423         | 2074<br>2013<br>1621<br>1455<br>1515<br>1447<br>1356<br>10d<br>2069<br>1844<br>1948 | 2437<br>2039 | 2.3 4.<br>2.4 2.<br>1.5 6.<br>1.0 5.<br>1.7 5.<br>2.1 5.<br>1.3 8.<br>1.6 5.<br>2.0 2.<br>2.3 3.<br>2.3 2.           | 1 H.9 S S S S S S S S S S S S S S S S S S S | Hill Samuel Japan Technology SECTOR AVERAGE  Far East inc Jap Govett Greater China Abtrust Pacific Schroder Far East Growth Inc Martin Currle Far East Thornton Oriental Income Inc SECTOR AVERAGE  Far East exc Jap HSBC Hong Kong Growth INVESCO Hong Kong & China Old Mutual Hong Kong               | 884<br>827<br>020<br>1444<br>941<br>954<br>1049<br>941<br>039<br>941<br>036<br>1579<br>1344            | 1461<br>1092<br>1077<br>1047<br>1041<br>954<br>2151<br>1715<br>1571 | 3072 35<br>2239 29<br>2478 2079 22<br>1731 19<br>1943 20<br>4038 62<br>3065 39<br>2835 44                                  | 37 571 5<br>71 5<br>54 3<br>- 4<br>80 4<br>82 3<br>43 4           | 18 - 12 0.2 18 - 19 0.3 13 - 15 0.2 14 3.5 12 0.6 14 0.2 13 0.3 15 0.6   | Exeter Fund of Investment Tata SECTOR AVERAGE  Fund of Funds Sun Allience Portfolio Stritannia Maneged Portfolio Inc Schroder Maneged Bal Acc Inst INVESCO Maneged Acc Morgan Grenfell Managed Inc SECTOR AVERAGE  Global Emerging Markets Stewart Nory Emerging Market City of London Emerging Miks                                | 1087<br>1082<br>1161<br>1159<br>1127<br>1122<br>1099<br>1062<br>Mkts<br>1127<br>1149<br>1057 | 1263<br>1238<br>1455<br>1447<br>1413<br>1408<br>1375<br>1246<br>\$<br>1286<br>1202<br>1133   | 2250<br>2081<br>2211<br>2379<br>2070<br>2068<br>2246<br>1880 | 2504<br>2133<br>-<br>-<br>-<br>1850 | 2.8 -<br>2.9 1.3<br>2.2 3.6<br>2.8 1.0<br>2.2 1.6<br>2.4 2.0<br>5.4 0.5<br>5.0 0.4 |
| Britannia Smaller Co's Acc SECTOR AVERAGE  I UK Equity Income Jupiter Income Jupiter Income Britannia High Yield Inc River & Mercantile 1st Income SECTOR AVERAGE  I UK Equity & Bor Prolific Extra Income Jubbey National Extra Income Jubbey National Extra Income Jubbey Mational Extra Income Jubbey Mational Extra Income Jubbey Mational Extra Income Jubbey High Distribution  | 1008 1702<br>1073 1652<br>985 1295<br>1296<br>1283 1632<br>1197 1618<br>1259 1574<br>1186 1426<br>1247 1460<br>1247 1452<br>1208 1449<br>1179 1435                           | 2845<br>1949<br>3348<br>2275<br>2300<br>2457<br>2294<br>2033<br>86<br>2029<br>2316<br>2037<br>1909 | 1779<br>1444<br>2658<br>2393<br>2775<br>2097                         | 3.1 0.4<br>2.8 1.6<br>2.6 4.0<br>2.5 4.2<br>2.7 3.4<br>2.4 3.9<br>2.6 4.1<br>2.5 4.4<br>2.1 4.4<br>2.1 4.4<br>2.1 6.1<br>2.7 5.6<br>2.6 4.1 | M&G International Income SECTOR AVERAGE  International Fixe Baring Global Bond Barcfays Uni European Bond Inc Old Mutual Worldwide Bond Inc Newton International Bond AES Intl Bond & Convertible SECTOR AVERAGE  International Equipment Section Bank of Ireland Ex Mgd Growth Fleming General Opportunities Ballie Gifford Managed Newton Bridge | 1136<br>1142<br>1020<br>1051<br>986<br>1018<br>1024<br>940<br>ity &<br>1148<br>1170<br>1186<br>1170         | 1315<br>1329<br>teres<br>1235<br>1197<br>1193<br>1169<br>1153<br>1066<br>Bot<br>1487<br>1453<br>1423<br>1410 | 2074 : 2013 : t   | 2437<br>2039 | 2.3 4.<br>2.4 2.<br>1.5 6.<br>1.0 5.<br>1.7 5.<br>2.1 5.<br>1.3 8.<br>1.6 5.<br>2.0 2.<br>2.3 2.<br>2.3 2.<br>2.2 2. | 1 H.9 S S S S S S S S S S S S S S S S S S S | Hill Samuel Japan Technology SECTOR AVERAGE  Far East inc Jap Govett Greater China Abtrust Pacific Schroder Far East Growth Inc Martin Currle Far East Thornton Oriental Income inc SECTOR AVERAGE  Far East exc Jap HSBC Hong Kong Growth INVESCO Hong Kong & China Old Mutual Hong Kong GT Orient Acc | 884<br>827<br>020<br>1444<br>941<br>954<br>1044<br>1039<br>941<br>020<br>1636<br>1579<br>1344<br>1121  | 1461<br>1092<br>1077<br>1041<br>954<br>2151<br>1715<br>1571<br>1563 | 1499 12<br>3072 35<br>2239 29<br>2478<br>2079 22<br>1731 19<br>1943 20<br>4038 62<br>3085 39<br>2835 44<br>3125            | 37 5<br>71 5<br>71 5<br>71 5<br>71 5<br>71 5<br>71 5<br>71 5<br>7 | 18 - 12 0.2 18 - 18 0.3 18 0.2 14 3.5 12 0.6 14 0.2 13 0.3 15 0.6 15 0.1 | Exeter Fund of Investment Tata SECTOR AVERAGE  Fund of Funds Sun Allience Portfolio Stannila Managed Portfolio Inc Schroder Managed Bel Acc Inst InvESCO Managed Acc Morgan Grentell Managed Inc SECTOR AVERAGE  Global Emerging Markets Stewart Ivory Emerging Market City of London Emerging Mikts Schroder Global Emerging Mikts | 1161<br>1159<br>1127<br>1127<br>1129<br>1062<br>Mkts<br>1127<br>1149<br>1057<br>997          | 1263<br>1238<br>1455<br>1447<br>1413<br>1408<br>1375<br>1246<br>\$<br>1286<br>1202<br>1133<br>1072   | 2250<br>2081<br>2211<br>2379<br>2070<br>2068<br>2246<br>1880 | 2504 2133                           | 2.8 1.8 2.8 - 2.9 1.3 2.2 3.6 2.8 1.0 2.2 1.6 2.4 2.0 6.4 0.5 5.0 0.4 4.3 .        |
| AES Smaller Companies Britannia Smaller Co's Acc SECTOR AVERAGE  UK Equity Income Jupiter income Lazard UK Income BWD UK Equity income Britannia High Yield Inc River & Mercantile 1st Income SECTOR AVERAGE  UK Equity & Bor Prolific Extra Income Abbey National Extra Income Cler Med Retirement Income inc Edinburgh High Distribution Cazenove UK Equity & Bond SECTOR AVERAGE   | 1008 1702<br>1073 1652<br>985 1295<br>1296<br>1281 1859<br>1208 1666<br>1263 1632<br>1197 1618<br>1259 1574<br>1186 1426<br>1186 1426<br>1154 1460<br>1247 1452<br>1208 1449 | 2845<br>1949<br>3348<br>2275<br>2300<br>2467<br>2294<br>2033<br>40<br>2029<br>2316<br>2037<br>1909 | 1779<br>1444<br>2658<br>2393<br>2775<br>2097<br>1956<br>2458<br>1621 | 3.1 0.4<br>2.9 1.6<br>2.6 4.0<br>2.5 4.2<br>2.7 3.4<br>2.4 3.9<br>2.6 4.1<br>2.5 4.4<br>2.1 4.4<br>2.2 6.1<br>2.7 5.6                       | M&G International Income SECTOR AVERAGE  International Fixe Bering Global Bond Barcfays Uni European Bond Inc Old Mutual Worldwide Bond Inc Newton International Bond AES Intl Bond & Convertible SECTOR AVERAGE  International Equipment of Ireland Ex Mgd Growth Fleming General Opportunities Bellie Gifford Managed                            | 1136<br>1142<br>1020<br>1051<br>986<br>1018<br>1024<br>940<br>ity &<br>1148<br>1170<br>1186<br>1170<br>1125 | 1315<br>1329<br>1235<br>1197<br>1193<br>1169<br>1153<br>1066<br>Bot<br>1487<br>1453<br>1423<br>1410<br>1409  | 2074<br>2013<br>1621<br>1455<br>1515<br>1447<br>1356<br>10d<br>2069<br>1844<br>1948 | 2437<br>2039 | 2.3 4.<br>2.4 2.<br>1.5 6.<br>1.0 5.<br>1.7 5.<br>2.1 5.<br>1.3 8.<br>1.6 5.<br>2.0 2.<br>2.3 3.<br>2.3 2.           | 1 H.9 S S S S S S S S S S S S S S S S S S S | Hill Samuel Japan Technology SECTOR AVERAGE  Far East inc Jap Govett Greater China Abtrust Pacific Schroder Far East Growth Inc Martin Currle Far East Thornton Oriental Income Inc SECTOR AVERAGE  Far East exc Jap HSBC Hong Kong Growth INVESCO Hong Kong & China Old Mutual Hong Kong               | 884<br>827<br>020<br>1444<br>951<br>1044<br>1039<br>941<br>020<br>1636<br>1579<br>1344<br>1121<br>1370 | 1461<br>1092<br>1077<br>1041<br>954<br>2151<br>1715<br>1571<br>1563 | 1499 12<br>3072 35<br>2238 29<br>2478<br>2079 22<br>1731 19<br>1943 20<br>4038 62<br>3065 39<br>2635 44<br>3125<br>2835 58 | 37 5<br>71 5<br>71 5<br>71 5<br>71 5<br>71 5<br>71 5<br>71 5<br>7 | 18 - 12 0.2 18 - 19 0.3 13 - 15 0.2 14 3.5 12 0.6 14 0.2 13 0.3 15 0.6   | Exeter Fund of Investment Tata SECTOR AVERAGE  Fund of Funds Sun Allience Portfolio Stritannia Maneged Portfolio Inc Schroder Maneged Bal Acc Inst INVESCO Maneged Acc Morgan Grenfell Managed Inc SECTOR AVERAGE  Global Emerging Markets Stewart Nory Emerging Market City of London Emerging Miks                                | 1161<br>1159<br>1127<br>1122<br>1099<br>1062<br>Mkts<br>1127<br>1149<br>1057<br>997<br>984   | 1263<br>1238<br>1455<br>1447<br>1413<br>1408<br>1375<br>1246<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$<br>\$ | 2250<br>2081<br>2211<br>2379<br>2070<br>2068<br>2246<br>1880 | 2504 2133                           | 2.8 1.8 2.8 - 2.9 1.3 2.2 3.6 2.8 1.0 2.2 1.6 2.4 2.0 6.4 0.5 5.0 0.4 4.3 - 5.3 -  |

### **INVESTMENT TRUSTS**

| WINNERS AN  | D LOSERS   |   |  |  |
|---|--|---|--|--|
| TOP FIVE OVER 1 YEAR                                | Abtrust New Thai                                       | TOP FIVE OVER 3 YEARS TR European Growth  |  | TOP FIVE OVER 10 YEARS Law Debenture Corp  |
| Scottish National Capital                           | 3,205  | TR Technology B 3,537   | TR Technology B 18,297   | Candover 7,782   |
|   | 3,135  | Candover 2,411  |  | WCT Capital 7,051  |
| Reming Income & Growth Capital                      |  | Foreign & Col Enterprise 2,325 2,500  |  | lights 8 lesues Inc 5,403 4,500  |
|   | 1,815  | Kleinwort Development Fund 2,216  | 17.000   | oreign & Col Enterprise 4,898 4,000  |
| R Technology 6                                      | 1,812  | TR European Growth 2,189 2,000  | North Atlantic Smaller Cos 4.413   | aw Debenture Corporation 4,119 3,500   |
|   | 800  | BOTTOM EVE OVER 3 VEARS 1,500   | 13,000   | 3,000  |
| COTTOM FIVE OVER 1 YE                               | 7(1)   | DOTTOM THE OVERTONE   |  | BOTTOM FIVE OVER 10 TEXAS  |
| ast German  | 343  | East German 231   |  | TUST OF PROPERTY SIRMES 307  |
| bbust New Thai                                      | 570 600  | EXCHANGE DRIVE CAPITS 399   | The Property of the State of th | love Capital 403   |
| am Selective Growth                                 | 578  | Perpetual Japanese 438 500  | 1000   | The state of the s       |
| delity Japanese Values                              | 622 1996 97  | Fidelity Japanese Values . 462 94 95 96 97  | OC 31  | Vewmarket Venture Capital* 568 87 97   |
| erpetual Japanese                                   | 644  | Korea Liberalisation Fund 533   | Contra-Cyclical Capital 885  | Danae Capital 889  |
| bles show the result o                              | f investing £1,000 over differen                       | it time periods. Trusts are ranked on 3-year performance  | Warning: past performance is not a guide to future performance   | mance. For investment trust prices see main paper.   |
| <b>UK General</b>                                   | 1 year (t) 3 5 Dis/Pm(-) Volatility Ykl%               | Int Cap Gth 1 year (C) 3 5 DesPin(-) Volumetry Yields   | Japan 1 year (i) 3 5 Dis/Prol-) Volumbly Yid%  | High Income 1 year (5) 3" 5 District! Volumety Year  |
| ercury Keystone                                     | 1268 1798 3036 3 4.0 2.7                               | Jupiter Primadona 1506 2019 4131 -3 4.3 1.5   | Baillie Gifford Japan 926 842 1470 8 6.2 -   | Gartmore Scotland (Units) 1236 1453 1668 - 2.9 2.  |
| ming Claverhouse                                    | 1344 1786 2346 3 4.0 2.4                               | TR Technology (Units) 1276 1785 - 4 3.2 1.2   | GT Japan 1065 838 1818 4 5.9 0.9   | City Merchants High Yield 1250 1402 2392 -5 2.6 7  |
| sbury Growth<br>nburgh UK Tracker                   | 1187 1650 2536 11 3.8 2.5<br>1338 1584 2251 5 3.6 3.5  | Henderson Electric and General 1225 1561 2589 8 3.1 1.7<br>RIT Capital Partners 1126 1525 2949 19 3.7 0.8 | Flemting Japanese 828 738 1626 8 5.7 - Edinburgh Japan 842 720 - 12 6.6 -  | Henderson High Income 1306 1343 1753 10 4.8 8 Glasgow Income 1336 1332 1752 12 3.4 6   |
| sbury Trust   | 1189 1562 2647 12 2.4 2.1                              | English & Scottish 1159 1512 2472 13 4.2 2.4  | Henderson Japanese Small Cos 668 614 - 8 7.0 -   | Geared Income 1536 1272 1710 -12 5.4 18  |
| CTOR AVERAGE  | 1306 1475 2320 - 3.2 3.4                               | SECTOR AVERAGE 1173 1388 2356 - 3.6 1.9   | SECTOR AVERAGE 803 649 1471 - 6.5 0.9  | SECTOR AVERAGE 1281 1218 1812 - 4.7 8  |
| UK Capital Grow                                     | th   | ■ International General   | Far East exc Japan, General  | ■ Split - Capital  |
| inwort 2nd Endowment Police                         |  | Personal Assets 1252 2028 2728 - 2.1 2.0  | TR Pacific 1013 1165 2862 5 7.3 0.3  | Foreign & Col Spec Util Cap 1305 1943 - 24 4.8   |
| nroder UK Growth                                    | 1238 1682 - 4 3.9 3.1                                  | Law Debenture Corporation 1256 1695 2763 -18 3.5 3.0  | Pacific Horizon 1042 1160 2093 11 5.4 0.8  | Gartmore Scotland Cap 1567 1852 2911 54 6.8  |
| ry & Sime ISIS                                      | 1288 1626 - 20 4.4 -<br>1214 1617 - 8 3.4 2.0          | Brunner 1341 1615 2524 14 4.3 2.8 Scottish Eastern 1326 1584 2368 14 3.8 2.1                              | Govett Asian Smeller Cos 1008 983 - 19 6.5 0.3<br>Abtrust New Dawn 920 941 2245 17 5.3 1.0   | Scottish National Cap 3205 1762 3065 53 14.7   |
| dervalued Assets<br>sinwort Endowment Policy        | 1214 1617 - 8 3.4 2.0<br>1128 1440 - 5 3.0 -           | Scottish Eastern 1326 1584 2368 14 3.8 2.1 Scottish Investment 1285 1569 2294 14 3.0 2.5                  | Abtrust New Dawn 920 941 2245 17 5.3 1,0<br>Scottish Askan 813 935 2115 17 7.5 -   | Henderson American C&I Cap 1493 1758 2725 18 4.5<br>Rights & Issues Cap 1316 1748 3618 18 5.3 2  |
| CTOR AVERAGE  | 1127 1484 1824 - 3.7 2.1                               | SECTOR AVERAGE 1248 1527 2323 - 3.1 2.6   | SECTOR AVERAGE 934 910 2143 - 6.4 0.5  | SECTOR AVERAGE 1386 1361 2501 - 6.3 5.   |
| Smaller Compani                                     | es   | North America   | Far East exc Japan, Single Country   | ■ Split - Inc & Residual Cap Shares  |
| VESCO English & Intl                                | 1065 1865 3990 5 5.1 0.9                               | North Atlantic Smaller Cos 1283 1797 4413 2 4.2 -   | New Zeeland 1075 1247 2854 0 4.7 1.9   | TR Technology B 1812 3537 18297 18 8.7 3.  |
| nderson Strata                                      | 1039 1794 3040 4 4.3 0.4                               | US Smaller Companies 1400 1776 2337 9 5.7 -   | First Philippine 881 1026 2617 - 6.5 -   | SR Pan-European 1564 1965 - 8 7.1 1  |
| raid  | 1006 1531 - 15 6.1 0.7<br>1092 1526 2011 8 4.8 2.5     | Fleming American 1599 1722 2835 11 4.1 0.8<br>Edinburgh US Track 25p 1436 1670 2792 7 4.6 1.7             | Edinburgh Java 1008 823 1218 20 7.4 - Abtrust New Thai 570 735 1990 -3 5.9 2.0   | Henderson EuroTrust 1235 1779 - 18 5.8 1   |
| tWest Smaller Companies<br>rtmore Smaller Companies | 1049 1516 1981 8 4.3 2.3                               | American Opportunity 1124 1527 2778 11 5.0 ·  | Korea-Europe Fund 552 643 1886 3 8.4 0.4   | Kleinwort High Income 1477 1514 2118 18 6.2 12 INVESCO Blue Chip 1790 1508 1966 13 8.7 15  |
| CTOR AVERAGE  | 1043 1255 1906 · 4.3 3.2                               | SECTOR AVERAGE 1250 1817 2993 - 4.9 1.3   | SECTOR AVERAGE 786 751 1845 - 6.9 1.0  | SECTOR AVERAGE 1325 1328 3276 - 6.2 10   |
| UK Income Grow                                      | rth .  | Continental Europe  | ■ Emerging Markets   | Split - Income   |
| City of London                                      | 1430 1611 2232 2 3.5 3.8                               | TR European Growth 1468 2189 4744 -5 4.5 1.3  | Baring Emerging Europe 1604 2021 - 8 11.3 -  | Rights & lasues inc 1111 1705 2657 - 4.1 5   |
| nedin Income Growth                                 | 1340 1500 1915 13 3.5 4.9                              | Gartmore European 1256 1734 3248 2 3.5 0.8  | Templeton Emerging Markets 1230 1358 2656 1 6.2 0.8  | Scottish National Inc 1200 1348 1913 - 3.3 10  |
| estors Capital Units                                | 1342 1459 1967 11 3.8 4.2                              | Fidefity European Values 1273 1703 2978 -2 3.8 0.2 Henderson EuroTrust (Units) 1185 1586 - 11 4.5 1.3     | Beta Global Emerging Markets 1405 1275 2005 5 6.7 -<br>Templeton Latin America 1334 1274 - 13 8.5 0.4  | Jove Inc 1304 1329 1879 - 2,9 13   |
| rchants   | 1429 1459 2066 11 4.6 5.1<br>1140 1457 2194 11 3.6 4.7 | Henderson EuroTrust (Units) 1185 1586 - 11 4.5 1.3<br>Foreign & Col Eurotrust 1242 1554 2466 5 3.4 0.5    | Templeton Latin America 1334 1274 - 13 8.5 0.4<br>Central European Growth Fund 1040 1259 - 12 10.4 -   | Derby inc 1195 1297 1337 - 2,8 22 MCIT inc 993 1275 1775 - 3,2 11  |
| rgan Grenfell Equity Income<br>CTOR AVERAGE         | 1250 1374 2023 - 3.5 5.5                               | SECTOR AVERAGE 1241 1540 2677 - 3.9 1.0   |  |  |
| Venture and Dev                                     | t Cap  | ■ Pan Europe  | Closed End Funds   | ■ Split - Zero Dividend  |
| ndover  | 1509 2411 3166 -7 4.4 2.8                              | Kleinwort Charter 1474 1978 2970 12 4.1 2.6   | Capital Gearing 1186 1604 2207 6 2.4 0.1   | Gartmore Brit Inc & Gth Zero 1170 1518 2,4   |
| eign & Col Enterprise                               | 1423 2325 4717 10 3.7 2.1                              | Mercury European Privatisation 1308 1538 - 14 3.1 2.3   | London & St Lawrence 1151 1299 1758 20 2.6 4.7   | M&G Recovery Zero Div Prf 1151 1476 1814 - 2,6   |
| nwort Development Fund                              | 1048 2216 2824 15 3.5 3.6                              | European Smaller Companies 1174 1301 - 7 3.5 0.8  | New City & Commercial 1262 1241 - 17 4.8 4.7   | Jos Holdings Zero Div Prf 1100 1472 2.3  |
| mpson Clive   | 1164 2069 2816 22 5.0 1.5                              | SECTOR AVERAGE 1319 1605 2970 - 3.8 1.8   | Scottish Value 1194 1152 2221 10 3.0 2.1<br>Exeter Preferred Capital 1136 992 1221 35 4.3 0.5  | Johnson Fry 2nd Util Zero Dv P 1122 1468 - 2.3   |
| nedin Enterprise<br>CTOR AVERAGE                    | 1326 2038 2883 11 3.6 4.3<br>1149 1548 2613 - 4.4 3.0  |   | Exeter Preferred Capital 1136 992 1221 35 4.3 0.5 SECTOR AVERAGE 1187 1258 1852 - 3.4 2.4  | Johnson Fry Utility Zr Div Prf 1127 1466 - 2,6<br>SECTOR AVERAGE 1113 1378 1649 - 1,9  |
| Int Income Grow                                     | fh   | FE inc Japan  | ■ Property   | that trust modes after for the sound behave homes  |
| curities Trust of Scotland                          | 1310 1517 2086 11 3.6 4.2                              |   | TR Property 1457 1250 2346 10 5.5 3.2  | that treat reads above for the spread between buying and salling prices and essence set income resemble<br>treatment treat results are calculated on mid-market prices with text income minyested. Vocating stream   |
| rray International                                  | 1211 1489 2414 4 3.5 3.7                               | Martin Currie Pacific 993 1019 1641 13 5.6 0.7  | Trust of Property Shares 1400 1156 2116 16 6.6 3.1   | standard deviation of monthly price recovergents for each load over the past 3 years. A feat's standard deviation of monthly price recovergents for each load over the past 3 years. A feat's standard deviations the easy face recoverable are described attention to bear the past of the past 3 years.  |
| ish Assets Ordinary                                 | 1293 1414 1838 14 5.1 5.4                              | Foreign & Col Pacific 891 1005 2167 15 4.8 1.4  | Wigmore Property 1321 1064 - 12 5-8 1.9  | describes the easy there experiences are dispursed attended over the peak 3 years. A front's strenged dark<br>here strenged deviation returns the monthly returns for a given fand you define excellent and the volume<br>attended to be in the contract of the cont |
| CTOR AVERAGE  | 1297 1474 2113 · 3.4 4.7                               | Govett Oriental 988 894 2384 15 4.5 0.5   | French Property 1068 972 1971 9 3.9 3.1  | microwy law, A high Square represents a more velative performance. Velets are prom. Bank reduce retent and the velative<br>Bank 90-day expellely account and relates to an investment of \$10,000 Station Screen from a relate to the continue of the station of the stat   |
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INVESTMENT TRUST LAUNCHES

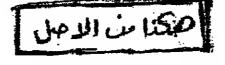
Mercury Retirement Trust

Mercury Asset Mgt (0500 050066) SBC Warburg (0500 050066) SBC Warburg Equity growth. No No No Nil Yes Yes 100p -- 3000 1% 3000 1.25% closes July 25 Fund aimed at people who want to supplement their pension. The table gives datails of the trust's growth shares - there are also monthly dividend income shares No No Nã Yes Yes 100p -- 3000 1% 3000 1.25% closes July 25

### Glossary

Pops: Some, but not all, unit and investment trust smales are investment trusts can be put into a ditionally sell for less than their you do not already know what they general personal equity plan which shields investors against both income between the two is known as the disavoid them. They are companies with and capital gains tax. The Pep rules are that you can put £8,000 into a general Pep (and a further £3,000 into a single company Pep). To qualify for the full £6,000 general Pep allowance, a minimum of 50 per cent of a plan's assets must be hald in European Union shares or qualifying corporate bonds. A trust discount is another reason why invest-which has more overseas investment, which has more overseas investment, and trusts look better than unit is different investment needs, but is still 50 per cent invested in trusts on longer-term comparisons. shares, is non-qualifying and limited to a Pep content of £1,500.

Pops: Some, but not all, unit and Discount: Investment trust shares tracount. In the 1974 hear market, discounts were as wide as 45 per cent and The traditional variety is relatively although they have mainly narrowed simple: income shares get all the income; capital shares get any capital years, they add an additional uncertainty to investment trust share price nowadays splits are highly complex with several different types of security



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SPACE AND ADDRESS OF THE PROPERTY OF THE PRO FINANCIAL TIMES WEEKEND JULY 19/JULY 20 1997 Authorised Unit Trusts ● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more detail **AUTHORISED** AXA Finishy & Law Unit Test Mingre (1200); Green Law Comment of Law Heat, Comment of Law Heat ## Common for Common f Abbrust Unit Trust Riganogers LM (1200)

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The meddle market prices shown below are only an indication of value. Shares traded on OFEX should be considered high as Marcher Decirects Sec. FT C\*

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FINANCIAL TIMES WEEKEND JULY 19/JULY 20 1997 15 Offshore Funds and Insurances FT MANAGED FUNDS SERVICE ● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Deak on (+44 171) 873 4378 for more details. Politice Angelog - or Table Politics (Table - Great Merrill Lynch Aspet Mans Ben Egsty Pertition Class 0 \_\_\_\_\_\_ S Class 0 \_\_\_\_\_ S Class 0 \_\_\_\_\_ S ACM Offshore Funds - Could. 10.17 - 4.15 - 4.07 - 4 | December Bank You Eront & Clo -036 -036 -022 -021 +0.16 +0.18 - \$14.0g - 516.17 - \$15.18 | State | Company | Compan \$15.34 \$14.81 | Description | 455 Bahara Japan Geon Fund Dates Japan Geon \_\_\_\_\_ \$6.54 27.76 17.85 27.85 27.85 27.85 27.85 27.85 27.85 22 Particilio 517.65 516.84 E10.18 C10.07 \_ : B2 -000 -004 \$13.51 \$16.46 \$1041 VLS Floresce Ltd India
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Offshore Insurances and Other Funds

The Financial Times plans to publish a Survey on Pakistan on Tuesday, August 12

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### **LONDON STOCK EXCHANGE**

### Wall Street slide prompts big UK sell-off

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

A day of high drama in London's Street staged a startling equity market saw the FTSE 100 index run to the very brink of the 5,000-level, falter, and then retreat over 100 points before stabilising.

Extreme volatility is usually viewed in the stockmarket as the forerunner of a big fall, and we bave had plenty of volatility today," said one senior market- relentless advance by Wall maker, exasperated with the violent shifts in sentiment over among investing institutions, and recent weeks and months.

vided a thrilling climax to a week in which the FTSE 100 had broken through the 4,900 level and launched a series of determined attacks on 5,000. The main driving forces behind

London were the seemingly Street, plus a build up of liquidity actual and rumoured takeover

about-turn.

yesterday, with an early deriva-

tives-linked upsurge subse-

quently wiped out and replaced

100 swing through a 150-point arc Wall Street drove through 8,000 pointed out that it was a referon the Dow Jones Industrial ence to Wall Street's "irrational in the market, Average in mid week before turn- exuberance" made by Mr Greenand falling heavily yesterday.

by a three-figure plunge as Wall The Dow was down over 145 kets in November. points shortly after the opening At the close, the FTSE 100 was Yesterday's performance proon US markets yesterday, with left nursing a 71.8 or 1.4 per cent SmallCap index gave up 6.9 to traders citing disappointment decline at 4,877.2. with second-quarter numbers from Microsoft as the main in sharp contrast to the market's All-Share index gave up 27.4 or depressant for Wall Street.

had worked itself into a bout of a new intraday record - 4,998.1 - the week, one market strategist FTSE potential content of the testimony due to be delivered to Congress on Tuesday by Mr Alan Greenspan, chairman of the US Federal Reserve. Strategists most powerful hroking houses to 1.11bn shares.

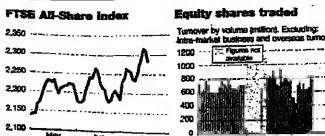
The Footsie's closing level was startling showing in mid-morn-Others insisted that Wall Street ing, when the 100 index surged to

5,000-mark.

The other FTSE indices also ing easier on Thursday evening span last year that triggered a fell away but were never as steep slide in global stock mar-roughly treated as the leaders. The FTSE 250 ended the day 16.0

lower at 4,484.1 while the FTSE The all-encompassing FTSE

extreme nervousness about the and to within two points of the said London had surprised on the upside since the budget but he This was as the expiry of the also emphasised that other Euro-July series of FTSE 100 index pean markets had fallen more options saw two of the market's than London. Turnover jumped



| lower at 4,484.1 while the FTSE<br>SmallCap index gave up 6.9 to   | May Jun<br>Source: Expel 1997 | Ju   |  | May June<br>1997  | Jul   |
|--|-------------------------------|--|--|---|---|
| 2.194.6. The all-encompassing FTSE All-Share index gave up 27.4 or 1.2 per cent to 2.284.14. Commenting on the day and on the week, one market strategist said London had surprised on the upside since the budget but he also emphasised that other European markets had fallen more than London. Turnover jumped to 1.11bn shares. | FTSE 350                      | 4484.1<br>2339.5<br>2284.14<br>3.39<br>3105.7<br>19.24<br>4834.0<br>7.08<br>2.09 | -16.0<br>-29.5<br>-27.42<br>3.35<br>-22.4<br>19.38<br>56.0<br>7.09<br>2.12 | FTSE 100 Index Closing Index Jul 18 Change over week Jul 17 Jul 16 Jul 14 High* Low* Intra-day high and low for | +77.<br>4949.<br>4964.<br>4899.<br>4857.<br>4998. |
| M I. I IDH BHAI CS.  |                               |  |  | and low to  | r sanstek   |



#### a stone and carried the vesterday as dealers underlying market with it. attempted to lift the market From being at a 60-point for the expiry of key options premium to cash at some points on Thursday -against an estimated fair and then allowed it tumble right back afterwards, writes value premium of around 30 There had been some points - September fell to anticipation that traders 40 points below the cash would attempt to push the market, it was trading at that cash market up to 5,025 for discount by the close, when the 10.30am expiry of Footsie index options. had changed hands. In fact, it only reached In traded options, turnover 5,015. Then, after expiry, tha reached 72,627 compared September contract fell like with 80,292 on Thursday. FISE 100 INDEX PUTURES (LIFFE) \$25 per full index point Open Sett price Change High Low Est. vol Open Int. 980.0 4885.0 -115.0 5014.0 4830.0 5040.0 4927.5 -115.0 5040.0 5010.0 4967.0 -116.0 4830.0 22119 75941 FISE 250 INDEX FUTURES (LIFFE) 210 per full index point 4525.0 -30.0 FTSE 100 INDEX OPTION (LIFFE) (\*4872 ) \$10 per full index point ■ EURO STYLE FTSE 100 SNDEX OPTION (LIFFE) \$10 per full index point 4875 4725 4775 4825 4875 4925 4975 5025 171 121 71 21 29 79 129 171 Jul 177 121 71 21 21 22 79 129 179 Aug 2131<sub>2</sub> 45 1751<sub>2</sub> 571<sub>2</sub> 142 731<sub>2</sub> 111 92 841<sub>2</sub> 1151<sub>2</sub> 63 1431<sub>2</sub> 451<sub>2</sub> 1751<sub>2</sub> 311<sub>2</sub> 2111<sub>2</sub>

| FTSE - LEADER                | S & LAGGARDS                     |                             |
|------------------------------|----------------------------------|-----------------------------|
|                              | December 31 1996 based           | on Fridey July 18 1997      |
| See Distribution             | Telecommunications+13.51         | Broweries, Pate & Rest+1.3  |
| Books, Rotall+40.00          | FISE All-Share+13.43             | FTSE Small(on+0.5           |
| Pharmacouticals              | FISE 350 Lower Yield+13.31       | FTSE Fiedolica ex IT +0 1   |
| Financials+28.54             | Building & Construction _ +12.47 | FTSE 2500.1                 |
|                              | Retallers, Food+11.98            |                             |
|                              | Food Producers+11.93             |                             |
|                              | lovestatest Tresta+10.53         |                             |
| Consumer Goods+24,57         | Han-Financials+9.52              | Textiles 8 Apparel2.7       |
|                              | 1raesport+8.62                   |                             |
| Oil, integrated+20.23        | Intermed+8.61                    | Gon Industrials             |
| FTSE 100+18.42               | Health Care+7.85                 | Esgineering7.4              |
| Mineral Extraction+ 18.13    | Support Services+7.45            | Model6.3                    |
| Household Goods+17.68        | Extractive indestries+6.36       | Engineering, Vehicles9.2    |
| Life Assurance+16.11         | Retaliers, General+6.08          | Distributors9.5             |
| FTSE 350 Higher Yield+15.51  | Tobacco +8.01                    | Becsonic 8 Bect Engly11.3   |
| Oil Exploration 8 Prod+15,22 | Tohecco+5.88                     | Districting Industrials13.2 |
| Property                     | FISE Fledging+1.82               | Paper, Polog 8 Printing25.5 |
| FISE 350+14.47               | Services+1.71                    |                             |

### Shell dips despite rumours

By Peter John and

Shell Transport, one of the market's strongest performers this year with a gain of more than 30 per cent, slipped 9 to 428p despite encouraging rumours.

There was speculation that, with a cash pile of \$12bn, the company is likely to announce a share buyback sooner rather than later. Much hinges on the tax position over foreign income dividends and the possibility that it will be resolved by the time of the interim figures on August 7.

Lehman Brothers was telling clients it was "ambivalent to [the] long-term, fundamentals" and the stock was the most expensive in the sector. The US broker argued that most of the upside was already in the share price.

However, it acknowledges that Shell has been lifted by hints that it might be considering a takeover of Texaco of the US. Lehman says a in Somerfield, which potential war chest of more reported improved figures than \$50bn "opens up virtually any company in the world as an acquisition can-

NatWest Securities the stock. It believes the market has underestimated the benefit to earnings and dividend growth of the improvement in downstream and chemical margins.

### **HSBC** loses froth

chip index yesterday.

the ordinaries dropped 87!: to £20.90p. Morgan Stanley cut the stock to 'neutral' from 'outperformer' saying the downgrade was purely to price performance and fore-

casts remained unchanged. Weakness in the sector was compounded by a big fall in NatWest as recent rumours that the bank was in merger talks with Pruden-

tial finally exploded. Talk about a link-up had pushed NatWest's share price to a new 52-week high by Thursday despite scepticism by analysts from the insurance and banking sectors and despite comments by some brokers that the

NatWest fell back 27 to 8664p While the Pru. which is exposed to market swings because of its boldings in equities and bonds, fell 28 to

Turnover in food retailer Asda Group rose to a befty 42m, making it one of the day's busiest trades, as the shares rose 314 to 14714p.

Dealers attributed the advance to "general catching up" for a stock that had been left behind in the recent run by other leading stocks in the sector.

There was a two-way pull earlier this week. The shares ended slightly weaker at

Earlier this week, Credit Lyonnais urged investors to repeated its buy stance on take profits saying: "We see sales trend downwards, particularly in 1998/99, which will put severe downward pressure on operating mar-

However, NatWest Securities, the company's broker, rates the shares a "buy" and forecasts "improved momen-

caught up with HSBC. The global bank, which led this week's Footsie rally, was the biggest casualty in the blue to three years out."

Royal & Sun Alliance performed strongly despite its off at 293%p.

EMI remains markets as it received despite announcing at the downgrade takes Merrill The HK\$ shares fell 98% or support from positive broker

#### **NEW 52 WEEK HIGHS AND LOWS**

NEW HIGHS (80).

NEW HIGHS (80).

BANKS, RETAIL (1) Borcleys, SUILIDING &
CHISTINI CS; AMEC, Ambod, SLDO MATLS &
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NEW LOWS (102). ALCOHOLIC BEVERAGES (1) Burner (HP). ALCONOLG BERFARGES (1) BLAMF (194).

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FOOD PRODUCERS (9) HEALTH CARE (8)
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of the interim results season. The shares rose 81/4 to 497p with SBC Warburg and Goldstock as their favoured play in the sector. The recommendations follow positive comments by NatWest Securities earlier in the week.

Warburg said the group and dividend growth in its first-half figures.

The broker is also positive Exchange, which it expects

annual meeting that. Lynch towards the bottom 4.67 per cent to £20.09p while comment ahead of the start because of the strength of end of the market range.

| Jul 16                  | 4964.2       |
|-------------------------|--------------|
|                         |              |
| Jul 14                  | 4857.4       |
| High"                   | 4998.1       |
| rom                     |              |
| Intra-day high and      | low for week |
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| CHIEF PRIC              | E CHANGES    |
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| alis             |                         |
| Caltuna          | 38 - 6                  |
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| (75p shs)        | 2090 - 8712             |
| JB Sports        | 468 - 26                |
| lohnston Gro     | 385 - 65                |
| Calamazoo        | 6212 - 10               |
| Joyds TSB        | 877 - 30                |
| lat West Bank    | 8661/2 - 27             |
| Phonelink        | 3915 - 4                |
| orvair           | 27212- 1612             |
| tanley Leisure   | 301%- 9                 |
|                  |                         |

sterling, profits would be up to £50m lower than expected. The figure was higher than some estimates but EMI had been the week's worst performer in the Footsie, It eoded up 21: at £10.860.

Peterhead, an equipment hire group, lifted 6 to 54! p as the company announce it had shelved its proposed acquisition of Opal Transport Equipment and Integrated Tanker Services.

Associated British Foods topped the list of the day's best FTSE 100 performers, man Sachs highlighting the the sbares baving appreciated 1312 to 55712p.

Bid talk returned to Yorksbire Water sending the shares sharply ahead. They closed 10 up at 452½p. LucasVarity fell 3% to should show strong earnings 186%p as Merrill Lynch downgraded the stock to

"neutral" from "accumulate"

and trimmed its profit fore-Guardian Royal casts on currency factors. The broker downgraded its growth. GRE was up much for Lucas Varity to £330m of the day but ended a penny from £343m and its year to January 1999 forecast to EMI remained strong £382m from £415m. The

199 0

205

#### FTSE Actuaries Share Indices The UK Series Day's Year Div. Net P/E Xd adj. Total Jul 16 chge% Jul 17 Jul 16 Jul 15 ago y47% cover ratio yet Robus 4877.2 -1.5 4948.0 4964.2 4898.3 3710.5 3.34 2.04 18.33 88.05 2061.91 4894.2 4841.4 -0.4 4500.1 4487.5 4461.5 4250.0 3.701.51 21.01 94.48 1876.53 4729.4 4481.8 -0.3 4494.4 4480.5 4461.9 4284.1 3.85 1.64 19.82 97.52 1881.19 4773.8 239.5 -1.2 2368.0 2373.7 2344.8 1860.8 3.41 1.95 18.78 43.93 2040.46 2373.7 107 4884.2 167797 986.9 237784 107 4728.4 117397 1378.4 217188 107 4773.8 103397 1378.3 217188 21 2272.7 167797 1317.3 25797 965 2374.8 167797 1111.3 9597 FISE 100 FISE 250 ex IT FISE 350 ex IT FISE 350 ex IT FISE 350 Higher Yield FISE 350 Lawer Yield 10/f 10/7 2394.5 -1.2 2398.0 2374.7 2344.9 1806.8 3.47 1.55 18.78 4.59 2040.45 2374.7 2340.3 -1.3 2376.9 2374.8 2345.5 - .343 1.57 18.55 11.57 1046.90 2374.8 2344.8 -1.3 2293.9 2296.1 2274.8 1786.5 4.61 1.76 15.36 53.00 1674.69 2293.1 2418.2 -1.2 2448.4 2452.7 2419.6 1940.3 2.41 2.25 23.01 34.35 1724.92 2452.7 2194.6 -0.3 2201.51 2203.62 2205.18 2106.65 3.22 1.74 22.31 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FINANCIAL TIMES WEEKEND JULY 19/JULY 20 1997 **LONDON SHARE SERVICE** Track

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### **WORLD STOCK MARKETS**

## midsession shakeout

AMERICAS Sellers moved in on the US stock market in active morning trading with the Dow ing 120 points at one stage,

writes John Labate in New By midday, the Dow was down 97.06 or 1.2 per cent at 7,923.69. The broader Standard & Poor's 500 Index fell 12.50 at 919.11, while the Nas-18.90 at 1.549.95.

"We've got a bit of fear in the market after getting complacent from 10 rises in a row of the Nasdaq," said Mr Bill Meehan, market analyst at Prudential Securities in New York.

Programme traders were among the many sellers in the morning, after the Commerce Department released a report of an unexpected rise in import trade prices for June, as well as a widening of May's trade deficit to \$10.2bn. In addition, the University of Michigan released a strong rise in consumer sentiment in its early July survey. The reports moved bond prices lower, which helped spark the morning stock sell off.

Technology stocks were job cuts at its Bell Canada lower on a sell off in Microsoft following its earnings report on Thursday. Micro-retreated 60 cents to C\$56.90.

soft lost \$5% at \$143%. Compaq Computer gave up \$31 at \$129 and Intel fall \$1 is at

Jones Industrial Average los- to flow into the market, and Earnings reports continue the outlook by many ana- 81.90 or 2.8 per cent. lysts continues to be favourable. Where operating earnings growth for the first quarter reached some 13 per cent on average, for the second quarter some analysts expect the figure could reach daq composite index lost as high as 10 per cent.

Among Dow component stocks, DuPont fell \$2% at \$62%, while Exxon slid \$2% at \$60%. Bucking the trend was IBM, which is expected to report positive earnings next Monday. Big Blue's shares rose \$3# at \$103%. TORONTO moved lower in morning trading. Dealers said volumes were thin with most traders watching the

the brunt of the selling and at noon the 300 composite index was 34.23 at 6,720.90. Northern Telecom led the downturn in the high tech sector, tumbling C\$3.75 to C\$140.50, and Newbridge Networks came off C\$1.85 to C\$68.25. BCE fell 70 cents to C\$42.25 on news of further

Bank of Montreal

## Dow suffers Paris tumbles ahead of public finance audit

The weak opening on Wall Street plus worries about Monday's public finance andit sent PARIS steeply lower in beavy volume of 17.8m shares.

The market was under pressure from the outset. By mid-afternoon, with Wall Street off more than 145 points, the CAC 40 was trailing by 4 per cent. It ended at 2,876.69, a fall of

Monday'a audit is widely expected to show the French budget running at around 3.7 per cent of GDP. As a result the bourse was awash with Brothers. Club Med was a renewed talk of corporate tax increases and potential downgrades for company

Shares moved steenly

lower across the board. Michelin was the heaviest casualty, sliding FFr20.80 or 5.4 per cent to FFr364, Retailers were close behind with Promodes, Carrefour and Pinault-Printemps all losing more than 4 per cent.

Renault managed to climb above the smoke of battle, shakeout on Wall Street. Banks and tech stocks took edding FFr4.20 to FFr153 following an npgrade from swings before finally closin "hold" to "buy" at Salomon 10 cents better at F1 44.60.

20,545.15. Waves of selling by

foreign investors and domes-

tic institutions drove down

some leading blue chips

from the outset of trading.

The dollar's depreciation to

the Y115 level further

depressed sentiment. The

investors reversed their

recent buying patterns, sell-

ing high-technology stocks

ASIA PACIFIC

Paris post the election CAC 40 Index

strong market too after news of top level board changes. The shares jumped FFr24.90 or 5.9 per cent to FFr445. AMSTERDAM ran into profit-taking in tha final hour of trading to close off

Frantic last-day options stocks. ABN Amro, for examran up some fairly sharp comment ahead of its nineswings before finally closing month results to June, due

11.58 at 941.79 on the AEX

High techs, strong lately in the run up to next week's results, were heavily sold. Philips came off fl 4.40 to F1 152.70 and ASM Lithography fell Fl 3.50 to Fl 152.50. Baan lost FI 4.70 to FI 154.50. Among internationals. Royal Dutch fell F1 2.80 to F1 108.60 in 10.9m shares traded and Unilever F112 to FI 434.50. Heineken gave up a

"sell" from "bny" at Rabo Securities FRANKFURT went the way of its neighbours and the Ihis-indicated Dax index registered a fall of 71.97 to

The banking sector, which

found early support in recommendations by Dresdner Kleinwort Benson for Commerzbank and Deutsche Bank, succumbed to the general downward slide, with only Dresdner bucking the trend Deutsche Bank closed 70pfg lower at DM106.90. activity dominated most of Dresdner Bank was up 56pfg the session, sparking dra- at DM75.26 and Commerzmatic volumes in selected bank fell 60pfg to DM53.60. stocks. ABN Amro, for example, traded 27m shares and DM118.25 on upbeat press

FTSE Actuaries Share Indices Housy charges Open 10.30 11.00 12.00 13.00 14.00 15.00 Close FTSE Eurotrack 100 2717.30 2716.56 2715.47 2716.13 2716.67 2714.00 2711.63 2701.63 FTSE Eurotrack 200 2713.43 2711.76 2708.44 2708.84 2708.89 2700.86 2666.82 2663.30 Jul 17 Jul 18 Jul 18 Jul 14 Jul 11 2732.98 2716.04 2666.03 2617.86 2657.44 2716.98 2718.45 2676.73 2673.52 2642.15 2642.15 Shire value 1000 (86/10/90), High-Hop, 100 - 27/18/01 100 - 27/18/22 Landbyr 106 - 2701.60 200 - 26/12/40, 1 February © First International Limited Vision, As regime reserved. further FI 5.40 to FI 320.60

following a downgrade to announced late on Thursday all time high registered on to sell around 3m new shares to finance acquisitions. The operation is expected to raise around DM1.3bn. ZURICH tumbled 2.2 per

July 8.

Shares of Novartis, the

volume leader, tumbled

SFr70 to SFr2,350 on profit-

taking ahead of first half

sales figures, expected on

Thursday. Rocbe, which turned in

first-half sales figures that

were at the top of expecta-tions earlier in the week,

tumbled SFr305 to SFr14,310.

Analysts said, bowever, that

much of the fall was due to

sure, led down by CS Group

with a SFr8 or 4 per cent fall

MILAN pulled back late in per cent.

sector and the All Ordinaries ceeding where it had failed

to SFr197.50 Insurers were

derivatives trading.

also lower.

THE WEEK'S CHANGES Madrid..... Zurich...

cent, hit by derivatives trading linked to the Soffex option expiry, stop loss selling and profit-taking. A 131.2 5,737.1 was viewed with

tie-up was completed ahead of Monday's stock market debut for the the merged

The Comit index crept 0.82 higher to set a second consecutive all-time high of 923.50 while the real-time Mibtel index, down 248 to 923.50, reflected the late sell

Thyssen was DM14 lower further bealthy backwards Thursday's exceptional at DM420.50 on its plans step from the market's L3,400bn but was still very heavy at 1.2,713bn.

Stet tumbled L841 to L10,849 while Telecom Italia was marked L333 lower at

Beneiton sharply outperformed the market with a L266 rise to L27,761 on a bullisb recommendation from Standard & Poor's Market

HELSINKI came off 49.22 to 3,483.66 on the Hex index. Investors opted to take profits at Rasio, with the shares dipping FMk10 to FMk630 for Banks were under pres- a gain since Tuesday's announcement of the marketing and development links with Johnson & Johnson of the US of almost 70

5,737.1 was viewed with taking in the telecoms sector relief by some analysts as a sthe Stet-Telicom Italia Morgan and Jeffrey Brown

### Tokyo turns down on pre-holiday profit-taking

#### sold blue chip issnes and brokers squared their posi-

tions ahead of Japan's three-Sao Paulo slows decline Gwen Robinson. The Nikkei 225 average fell 269.93 to 20,249.32, just above Latin American markets Dealers said trading looked the day'e low of 20,248.12 after reaching a high of

SAO PAULO clawed back espa index. At one stage dur- pesos to 225 pesos. ing the morning the index

Telebras fell 3.7 per cent to R\$141.50 and Petrobras came by midsession, dipping 112.97 and buying large-capital off 3.8 per cent to R\$282.00. to 9,061.71 on the IBC index. issues including steels.

remained on the defensive like ending the week where following a further steep It started - knee-deep in curshake out for Brazllian rency worries and showing extreme volatility.

SANTIAGO also moved heavy early losses for a mid- lower. Enersis came off 400 session decline of 497 or 4.2 pesos at 295 pesos and forper cent at 11,232 on the Bov estry group Masisa lost 3.00 At midsession, the IPSA market seesawed as some was trailing by more than 8 index was 0.85 lower at

CARACAS lost 1.2 per cent

option trading in 33 individ-Tokyo fell prey to profit ual stocks, including NTT taking after solid gains in and Toyota, on the Tokyo recent sessions, as investors and Osaka exchanges failed to lift options-linked cash stocks. Volume fell from 508m shares to an estimated day holiday weekend, writes 375m. Declines led advances 639 to 446 with 162 ımchaneed.

The Topix index of all first-section stocks shed 13.78 to 1,539.36 and the capital-weighted Nikkei 300 was company by its US dealers. off 3.35 st 299.38 In London, the ISE/Nikkei

Advantest fell Y100 to Y10,200, Tokyo Electron Y140 to Y7,310 and Pioneer Electronic Y100 to Y2,980. Sony finished unchanged at Y10,700 after reaching a new high for the year of Y10.900. Honda, the day's biggest loser, plunged Y310 to Y3,390 per cent on the first four on news of a possible class- days of the week, tumbled from a stronger resources 105.6 higher at 9,677.4, suc-

THE WEEK'S CHANGES

action law suit against the In Osaka, the OSE average fell 81.22 to 21,151.15 and 50 index rose 5.08 to 1,664.67 volume eased to 21.8m

Kuala Lumpur.....

Sydney\_.

HONG KONG was sharply HSBC and further weakness in the property sector. The Hang Seng index slid 135.89 to 15,570,40. HSBC, which surged 13.9 Friday.

inchaspe PLC 84% Cre Sub Bds 10/5/08

Stanley downgraded the stock due to its meteoric

In the opposite direction. Hongkong Telecom surged to an intraday all-time high of HK\$20.40 before ending up HK\$1.05 at HK\$20.15 on rumours of a share placement to China Everbright Holdings, which is controlled by China's state

MANILA was bolstered by another interest rate cut and the composite index closed day, up 52.57 at 2,672.95.

On Thursday, the central lower after a late slide led by bank reduced overnight borrowing rates by 3 percentage points to 25 per cent, the second cut since the de facto devaluation of the peso last

SYDNEY took its lead

index finished 14.5 higher at in five consecutive attempts 2,684.2. Miners managed to close above the 9,600 level. more than twice the rise seen in industrials as the as political squabbles within benefits of a weaker Austra- the coalition government lian dollar and and firmer prompted selling. The base metals prices boosted BSE-30 fell 68.80 to 4,124.81.

SEOUL was higher as offshore funds bought selected SOUTH AFRICA blue chips on the view that tbey were oversold as a result of Kia's troubles. The composite index closed 7.65 higher at 747.37, also belped by rumours, denied by the government, of an early expansion of the foreign

Kia Motors fell Won900 to its lower-limit of Won11,500. TAIPEI remained at a seven year high as electronic shares rebounded after Thursday's late free[all.

The weighted index closed

stock ownership limit.

ROMRAY fell 1.6 per cent

Golds shares rallied strongly in Johannesburg but the broad market turned in a mixed performance and the all-share index closed off 12.1 at 7,424.9.

Industrials eased with the index dipping 3.5 to 8,937.7. Golds, belped by another steadier day for the bullion price, jumped 27.7 to 992. Freegold added 90 cents at R23.50 and Western Deep rose R4 to R108, Vaal Reefs climbed to R234.50, a gain of

#### LONDON STOCK EXCHANGE - DEALINGS Incepte Group PLC Wis to Subscribe for Ord 8 [153/97] Description PLC Was to Sub for Out - 1,125 (103). East Surray Holgs PLC 7.8% Outs lad Pri St 100% OLM 70

Details of business dots shown below have been taken with consent from last Thursday's Stock

those at which the business was done in the 24 hours up to 5.15pm on Theraday, they are not in ander of execution but in according order which denotes the day's highest and lowest teader. For those seconties in which no business was recorded in Thersday's Official List, the latest recorded

Coupons Payable in

COUPONS Payable In

London

BAA FLE SA's, Chu Bos 2008 - 117 (16.1/67)

\* (16.1/67)
British Lorad C. PLC 61/64, Chu Bos 2007 £

(Mar) (81-1) PLC 61/64, Chu Bos 20/64, Chu

Debt Issuance

Programmes
International Endows EV, Jero Cpn Inst.
150/102 - \$1.3025 (16,M97)
Merril Lynch & Co, Inc Filig Ris Nos 0722002 159.67 (10,M97)
Heyelider Becaric Frience UK PLC Field Ris
Stop-up Cell Nos 190(302 - 118%
(15,N47)
Sweden (Mneptom oi) 7% Debt Inst 23/1286
Cps (Nas) (81 - 90.39847-5 (14,M97)
Sweden (Kingdom oi) 7% Debt Inst 23/1286
(Var) (81 - 100.85 (14,M97)

Sweden (Kingdom oi) 7% Debt Inst 23/1280
(Var) (81 - 100.85 (14,M97)

Sweden (Kingdom oi) 7% Debt Inst 23/1280
(Var) (81 - 100.85 (14,M97) Programmes Sterling Issues by

Sterling Issues by

Overseas Borrowers

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European Investment Bark 17% Ln Sk 2001

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European Investment Bark 17% Ln Sk 2002

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Listed Companies

(excluding Investment [SYCHULD 19]
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Shi St - 1254 (1022) 64 (3, 15)
Abboy National PLC 87-64 Non-Curn Stig Pri
Ct - 103 (15-1)-97)
ASS Investments 54% Ure Ln Sti. 67/2002
Stip - 44 (16-1)-97
ASS (16-1)-97

British Government Stocks

Guaranteed Export France Corp PLC 69-04,
Gut Ln Six 2019 (Regal) - 118:335
(10.1/97)

Corporation and County

Stocks

Userpool Corp 24-5 Red Six (On or alter)
1953 - 36 (11.1/97)

UK Public Boards
Civitegor Operations Ltd 4% lind Six - 46
(15.1/97)
Cytegor Operations Ltd 4% lind Six - 46
(15.1/97)
Foreign Stocks, Bonds etcCoupons Payable in 

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Burleri Schwieseles PLC (16.50)
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Ski 2027 - 159.06 (10.347) .

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Customan PLC Ord IEP0.16 - 141 5 THE CLEAN OF PIET - 99 (10.1/67)
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Real Hotels Group PLC Com Part II - 91
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Mencury Keystone Inv Tat PLC 7/2% Dab Six 2020 - 1004 (16.1/97)
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#### COMPANIES AND FINANCE

## NatWest and Prudential talks collapse |BT criticised

John Gapper and

National Westminster Bank, the UK's largest retail bank. faces further uncertainty over its future following the collapse of private merger talks with Prudential Corporation, the UK'e biggest publicly owned life insurer.

Talks on a merger to create a £27bn (\$45.09bn) com- NatWest Markets. pany that could have

rivalled Lloyds TSB for dom-mance of retail financial ser-over its expansion into vices in the UK, ended on Wednesday after the companies were unable to agree

The collapse of the talks. initiated by Prudential, follows a failed effort by Nat-West to merge with Abbey National, tha retail hank, and the resignation of Mr Martin Owen, bead of its investment banking arm. NatWest, which has been

investment banking, and the way it has managed its 1,920hranch retail bank, is to announce details of its strategic review of NatWest Markets next month.

The bank, which has been the object of takeover speculation since it lost £77m from the mis-pricing of derivatives in its investment bank, could now face controversy over the failure of successive merger efforts.

There bas heen specula- of price or senior managetion that Barclays, its hig- ment. The two sides instead are beliaved to have seen gest rival in high-street discussed how to combine Prudential's mix of banking, could launch a Prudential's strength in takeover hid.

These movea come in a week in which bank shares have risen sharply because of takaover speculation, combined with a rush by investors and investment tive, Sir Peter Davis, being advised during the talks by banks to buy shares following the flotation of four leading huilding societies.

The talks are not thought to have reached the details chairman.

financial products with Nat-West's distribution.

insisted on its chief execuchief executive of the combined company, with Lord Alexander, chairman of Nat-West, possibly becoming

operations as difficult to combine with the bank's.

NatWest shares fell 27p to If the talks had gone fur-ther, however, Prudential is 28p to 588p yesterday, after thought likely to have market rumours of a link-up receded. Prudential has been SBC Warburg, while Nat-West has been advised by NatWest Markets



Dolly, the cloned sheep, caught the world's imagination when she appeared in February

### Dolly scientist to join PPL

By Clive Cookson, Science Editor

One of the scientists who one year old this month. pioneered the cloning technique that produced Dolly the Sheep is to join PPL Therapentics, the Edin- company's programme to hurgh-based animal biotech-

Dr Keith Campbell will have added genes to make move to PPL from the human useful human pronearhy Roslin Institute, a teins in their milk. government-funded animal research centre. Ha worked taking the genetic material there with Dr Ian Wilmut to from one cell and putting it

At PPL Dr Campbell will oversee the integration of nnclear transfer into the produce transgenic cattle and sbeep. These animals

Nuclear transfer involves develop the "nuclear trans- into an egg from which the

fer" technology that led to nucleus has been removed. Dolly, the first clone of an This can then be grown into adult mammal. Dolly was an embryo and implanted into the womh of another animal.

> Dr Campheli already knows PPL well because the company has had a research agreement for several years with the Roslin Institute, He will continue to work with his former colleagues on several projects.

PPL's lead product, alpha-1-antitrypsin to treat cystic fibrosis, recently started a | will eventually be done. clinical trial on patients.

### LVMH may disclose more demerger details

are not looked after."

£175m a year are expected

with GrandMet's Interna-

ers, the world's biggest

in talks with directors of

Guinness and GrandMet, Mr

Arnault is understood to

have indicated the scale of

immediate cost savings aris-

ing from his proposed

merger of LVMH'a cham-

pagne and hrandy subsid-

lary, Moet Hennessy, with

He also quantified longer-

term benefits and suggested

further gains in the share

prices of the GMG partners

from the release of a "con-

United Distillers.

wines and spirits group.

Mr Bernard Arnault. chairman of French luxury goods group LVMH, may details of his plan to combine his group's Moët Hen-nessy drinks subsidiary with the wines and spirits busineeses of Guinness and Grand Metropolitan.

He hopes to win over shareholders in the two UK tional Distillers and Vintdrinks groups, and analysts. ners to create United Distillwho are sceptical about the terms he is seeking.

LVMH, which owns 14.2 per cent of Guinness and 6.4 per cent of GrandMet, is opposing their agreed \$24bn merger to form GMG Brands. But alternative proposals by Mr Arnault for a four-way demerger of GMG assets and a combination of the three groups' wines and spirits operations into an 218.8bn group quoted in London and Paris have been rejected by GMG directors.

That rejection is backed hy leading institutional investors in Guinness and Grand-Met. They believe the 35 per cent interest in the combined drinks group sought hy Mr Arnault would give him all the benefits of the drinks merger, lesving GMG investors no better of But most appear to believe a deal "I suspect Arnault wants

more than fair value for his position," said one senior may be published in an fund manager. "That is the effort to increase investor problem." Another said: "We enthusiasm for a deal. certainly will be making a

Guinness already has joint ventures in drinks distribution with Moet Hennessy, Under existing plans to create GMG, savings of underpinned by a 84 per cent stake in that busine Analysts at Goldman Sachs have estimated the from the merger of Guinness subsidiary. United Distillers,

value of LVMH's remaining 66 per cent at £2bn. United Distillers could be worth f16bn, they say. They esti-mate efficiency savings from merging it with Moet Hennessy could add £800m of value. But under Mr Arnault's existing proposals, they say, all the henefits

would go to LVMH. Mr Amault is understood to have rejected approaches from US hreak-up funds. They are keen to support his plan to demerge the food and fast-food businesees of GrandMet and Guinness'e breweries.

## Some NatWest directors are beliaved to have seen for handling of MCI warning

By Alan Cane and Jane Martinson

British Telecommunications yesterday came under fire from competitors and institutional shareholders over its handling of the shock profits warning last week from its takeover partner

BT had said it was surprised and disappointed that tha US company planned to epend an extra \$800m (£479m) to break into the local US telephone market, clearly blaming MCI for the debacle and eetting the scene for a deterioration in relations.

Senior executives from BT'e competitors said yesterday that they believed the deal would still be concluded, probably on the original terms, but it could prove difficult to restore trust and respect between the individuals involved. In particular, BT was less

likely to give control over large parts of its business to MCI managers. Ona competitor said he

believed that after the deal had gone through, MCI's senior executives, all on lucrative bonus and option schemes, would quit the merged company, leaving the running of the US operations to BT. "This would leave BT in a hell of a mess" ha said.

Another said the industry still expected the deal to go through: "Sir lain Vallance (BT chairman) has wanted to that pulling out is not an Lex. Page 20 | do this deal for the past option."

seven or eight years." Institutional shareholders. however, are heginning to set a time limit on their patience with BT's manageGrund

While backing BT's decision to launch a review. Mr Graham Wood, head of UK equities at Standard Life, said BT needed "to sort it out within a month".

Standard Life, which is BT's second biggest investor with a 2 per cent holding. joined several shareholders in expressing concern about the future of the merged company after such obvious differences had come to

"The merger of two cultures was an issue when this thing was proposed," said Mr Wood. "But if they cannot get together on this, how on earth are they going to bring the whole thing together?" He said that BT had to have time to review all three

of its options: pulling out of the deal, renegotiating it or leaving it to proceed on the original terms. Like other institutional

investors, Standard Life's preferred option would be for BT to go ahead with the deal after having renegotiated the price. Several investors feel that

the cost of withdrawing from the deal, and the impact that would have on BTs international strategy, could be greater than the possible dilution of the acquisition. Mr Wood said: "I suspect

## warns over strong pound

By Alice Rawsthorn

Sir Colin Southgate, chairman of EMI, one of the world's largest music groups, yesterday warned that the strong pound would cost the company up to \$50m this year, rather than £30m as initially anticipated.

He also told shareholders at EMTs annual meeting in London that growth in the global music market had been unexpectedly slow so labels. far in the current financial On the day of that

21/20 to £10.86 yesterday. The sign that the board had

been among the worst FTSE 100 performers last week, following Monday'e news that Alliance Entertainment, a large US record retailer, had filed for Chapter 11 bankruptcy protection.

EMI's shares have fallen sharply in the two months since it unveiled plans for rationalisation and restructuring at its under-performing North American record

tion. EMI's shares rose by preted by investors as a recent Budget.

monred takeover bid. At the same time as

announcing the restructur-

ing, EMI disclosed proposals to return 10 per cent of its market capitalisation (worth roughly £499m) to investors. This scheme failed to support the share price, but was approved by shareholders at an extraordinary meeting

On a positive note, Sir should be able to save up to improvement on last year". year, particularly in the UK.

suncuncement, EMTs shares £23.5m a year from the

The US music market has
France and Japan.

were worth £12.20%, but the changes in advance corporarallied, after two eluggish Despite Sir Colin's cau- restructuring was inter- tion tax introduced in the

Sir Colin also underlined during the first half of 1997.

form in person should bring evidence of identity bearing the applicant's

upit (for example a passport) and evidence of the appli and address from a third party, for example a recent bill from a gas,

caricky or telephone company or a bank or building society sta

The procedure for any refund, or further amount payable, is not out in

company had previously abandoned hope of a long-ru- strong sales of recent albums by Radiohead, Chemical Brothers, Megadeath, Meredith Brooks, and Paul McCartney. The Spice Girls' debut album is still selling well, with a follow-up dus before Christmas.

However, he noted that the "short-term economic climate" for EMI was "challenging". Conditions in France and Japan were "far from favourable", while the Colin announced that EMI UK was "unlikely to show an

years, with retail sales rising by 7.3 per cent by volume

|                       |       |          |       |                      |        |          | -                      |                 | - Dividends                |                   |                     |
|-----------------------|-------|----------|-------|----------------------|--------|----------|------------------------|-----------------|----------------------------|-------------------|---------------------|
|                       | Tomo  | er (Em)  |       | e-fack<br>M. (22ml)  | BP     | S (p)    | Current<br>poyment (p) | Date of payment | Corresponding<br>divisend  | Total for<br>year | Total las<br>year   |
| Calluna Yr to Mer 31  | 2.22  | (2.87 )  | 4.94L | (4.88L)              | BAL    | (9.1L.)  |                        |                 | -                          | -                 |                     |
| Colefax and Fowler    | 41.6  | (38.9)   | 2.63  | (1.84)               | 7.7    | (5.7)    | 1.4                    | Oct 7           | 1.15                       | 2.3               | 1.8                 |
| Hansom Yr to Mar 31   | 9.65  | ( P.OT)  | 1.06  | (0.394)              |        | (-)      | -                      | -               | -                          | •                 |                     |
| ΠE Φ‡ Yr to Apr 30    | 5.53  | (3.25)   | 0.5   | (0.0774)             | 10.3   | (-)      | -                      | -               | -                          | •                 | •                   |
| MDIS 6 mins to Jun 30 | 117   | (147 )   | 49.5  | (39.4La)             | 48.94L | (37.02L) | nă                     |                 | 24                         | nil               | 1.2                 |
| Investment Trusts     | MAT   | f (p)    |       | hotable<br>igs (End) | 67     | 6 (p)    | Current<br>payment (p) | Date of payment | Corresponding<br>divisions | Total for<br>year | Testal Lass<br>year |
| Brunner               | 375.9 | (324.4 ) | 1.86  | (2.72)               | 29     | (4.28 )  | 2.6                    | #               | 2.9                        | -                 | 8.14                |

| ISSUE | OF | £2, | 000, | 000 | 000 |
|-------|----|-----|------|-----|-----|

### 8% TREASURY STOCK 2021

INTEREST PAYABLE HALF-YEARLY ON 7 JUNE AND 7 DECEMBER

| PAYABLE IN F   | ULL        |
|--|------------|
| Application has been made to the London Stock Exchange for the Stock to be admitted to the Official List on 24 July 1997.  | 7          |
| Auction of Stock  1. THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND invite bids for the above Stock.  | C          |
| General 2. This prospectus is issued under the arrangements described in the Information Memorandum for Issues of British Government Stock published by the Bank of England on 27 March 1997 (the "Information Memorandum"). The terms of the Information Memorandum apply to the above Stock and to the auction described in this prospectus except where expressly varied.   | Tr. Ur. Is |
| Maturity 3. The Stock will be repaid at par on 7 June 2021.  | S          |
| Interest 4. Interest is payable half-yearly on 7 June and 7 December. The price payable for this further issue of the Stock will include an amount equal to accrued interest from 7 June 1997 (the last interest payment date of the Stock) to 24 July 1997 (the settlement date of this further issue) at the rate of £1.03014 per £100 nominal of Stock. This further issue of the Stock will rank for the full six months' interest due on 7 December 1997. | N HASE P   |
| National Savings Stock Register 5. The Stock may be held on the National Savings Stock Register.   |            |
| FOTRA exemptions  6. The Stock and the interest payable on it will benefit from the exemptions in favour of non-resident holders described in paragraph 20 of the information Memorandum (FOTRA stocks first issued prior to 29 April 1996).   | P          |
| Gross payment of Interest  | 1 "        |
| 7. Interest will be paid without deduction of income tax pursuant to a direction under section 50 of the Income and Corporation Taxes Act 1988. However, stockholders may elect to have UK income tax deducted from interest payments on application to the Bank of England.   | Ŷ          |
| Stripping  |            |

| FOTRA exemptions   |
|--|
| <ol> <li>The Stock and the innerest payable on it will benefit from the<br/>exemptions in favour of non-resident holders described in paragraph 20 of</li> </ol> |
| the Information Memorandum (FOTRA stocks first issued prior to 29 April  |
| 1996).   |
| Gross payment of Interest  |
| 7. Interest will be paid without deduction of income tax pursuant to a   |
| direction under section 50 of the Income and Corporation Taxes Act 1988.   |
| However, stockholders may elect to have UK income tax deducted from  |
| interest payments on application to the Bank of England.   |
| Stripping  |
| 8. The Stock is potentially strippable: paragraphs 6 and 7 of the  |
| lafamore 14  |

Methods of application Bids may be made on either a competitive or non-competitive basis in accordance with paragraphs 8 to 16 of the Information Memorandum.

Non-competitive bids: amount payable on application 10. The amount payable on application in the case of a non-competitive bid

(except in the case of a non-competitive bid made by a gilt-edged market maker) is £117 per £100 nominal of Stock. Latest times for receipt of applications 11. Application forms must be sent to the Bank of England, New Issues, PO Box 444, Gloucester, GL1 INP to arrive not later than 10.30 AM ON

WEDNESDAY, 23 JULY 1997; or lodged by hand at the Central Gilts & Moneymarkets Office. Bank of England. Threadne later than 10.30 AM ON WEDNESDAY, 23 JULY 1997. Gilt-edged market nakers may bid by telephone to the Bank of England not later than 10.30 AM ON WEDNESDAY, 23 JULY 1997.

Bids irrevocable 12. Bids will not be revocable between 10.30 am on Wednesday. 23 July 1997 and 10.00 am on Monday, 28 July 1997.

BANK OF ENGLAND LONDON

15 July 1997

| L WITH APPLICATION  |                             | compensive bid<br>non-compensive bid  |   | d plus accrued interest<br>r £100 nominal of Stock  |  |
|---|-----------------------------|---|---|---|--|
| APPLICATION FORM FOR 8% TREASURY STOCK 2021 Complete Section 1 or 2, plus Sections 6 and 8. Sections 3, 4 also be completed where appropriate. TO THE GOVERNOR AND COMPANY OF THE BANK OF I/We apply in accordance with the terms of the prospectus for | , 5 and 7 shools<br>ENGLAND | THIS SECTION TO BE COMPLETED BY AS AGENT FOR ANY THIRD PARTY (unless the applicant is a CGO member or is a UK of institution, and Section 3 or 4 has been completed) Full name and permanent address of each third party FORENAME(S) AND SURNAME(S)  ADDRES | r EEA regulated financial                               | Stock may be registered in the manes of it CAPITAL LETTERS PLEASE Title Porename(s) in full   | ION DETAILS  Individuals or a corporate body.  Stroume |
| non-competitive bids dated 15 July 1997 and the information N<br>Issues of British Government Stock dated 27 March 1997 as for  | temorandum for              |   |   | Address   |  |
| FOR COMPETITIVE BIDS ONLY tie for Stock to be purchased at the price bid plus accrued uner See notes (a) and (b) below.   | rest)                       | If additional space is required, please construe on se  |   | <u> </u>  |  |
| Nominal amount of \$% Treasury Stock 2821 applied for:  |                             | THIS SECTION TO BE COMPLETED BY A<br>1/We request that Stock sold to me/us be register<br>name(s) and that any certificate be sent by post at my  | ed in the undermentioned                                |   | Postcode .   |
| Amount of Stock applied for Multiple<br>\$500,000-\$1,000,000 \$1,000,000<br>\$1,000,000 or greater \$1,000,000   |                             | holder at the address shown below.  IN THE CASE OF A NON-COMPETITIVE AFF that to my/our knowledge this is the only non-compe my/our benefit (or for the benefit of the person(s) on   | titive application made for                             | Title Forenamo(s) in full   | Surranne   |
| Price bid per £100 nominal of Stock, being a multiple of L/32nd of £1:  | 32nds                       | epplying). IN THE CASE OF AN APPLICATION 8Y A DESERVICE WHO HAS COMPLETED SECTION 3.  | TEMBER OF THE CGO                                       |   |  |
| PLUS accrued interest at the rate of £1.03014  per £100 nominal of Stock:   | 03.014                      | allocated to us be credited direct to our account in<br>irrevocably undertake to accept such Stock by me<br>through the COO Service from the Governor and<br>England, Number 2 Account (Participant number 518  | mber-to-member delivery<br>Company of the Bank of       |   |  |
| Total amount persists per £100 nominal of Sinck: (excluding accreed interest)   | 10                          | deliveries on 24 July 1997, and we agree that the or<br>respect of such delivery shall be the amount psychole<br>Stock in accordance with the terms of the prospectua   | nsideration to be input in<br>by us on the sale of such | Daytime Telephone Number (in case there   | Postcode<br>is a query)                                |
|   | <del></del> "  }            | IN THE CASE OF AN APPLICATION MADE OF   |   |   |  |
| Amount required for payment IN FULL AT  | ]]]                         | person on whose behalf I am/we are applying, and I  | we will on demand make                                  | FOR BANK OF E   | NGLAND USE   |
| THE PRICE BID PLUS ACCRUED INTEREST:  |                             | such evidence available to the Bank of England or the<br>SIGNATURE(S)   |   | 712 Exd.  | Transaction Number<br>167/                             |
| FOR NON-COMPETITIVE BIDS ONLY<br>(ic for Stock to be purchased at the non-competitive sale price,<br>interest, as defined in the Information Memorandum)<br>See notes (c) and (d) below.  | plus accrued                | Date  | applican  | New Account No.   | Cert. Posted Date                                      |
| Nominal amount of 8% Trensury Stock 2921 applied for, being a multiple of £1,000, with 1 minimum of £1,000 and a maximum of   |                             | OETAILS OF APPLICANT(S)  (If not the person(s) in section 8)  FORENAME(S) AND SURNAME(S):  ADDRE  | SS (including postcode)                                 | The Speck will be registered on a<br>Engineed Register, unless you wish the<br>registered on the National Savings So<br>(NSSR) (for which there is a maximum<br>£25,000 nominal of Stock) or at the Ban | Stock to be NSSR Cook Register                         |
| £500,000 nominal of Stock:  Sum enclosed, being £117 for every £100 NOMINAL of Stock applied for:   |                             |   |   | Belfast, in which case please tick the appropriate interest payments on this Stock will United Kinedom income tay unless the belief.  | ill be paid without deduction of                       |
| FOR CGO MEMBERS ONLY  |                             |   |   | I/We request that tax is deducted from int<br>my/our holding of this Stock.   | Prest payments on                                      |
| CGO Participant Number  |                             | NOTES (a) A competitive bid may not be made by an applie  |   | (c) A separate cheque must accompany e<br>made psyable to "Bank of England" and   |  |
| REGULATED FINANCIAL INSTITUTIONS ONLY (unless Section 3 applies)  |                             | party unless the applicant is a member of the regulated financial institution.  (b) Except in the case of members of the CGO Ser Section 3, a CHAPS payment must be sent to the   | OGO or is a UK or EEA                                   | drawn on a bank in, and be payable is<br>Islands or the Isle of Man. The Bank of<br>evidence of the identity of any appli-<br>where an applicant is acting as agent.                                    | England reserves the right to requ                     |

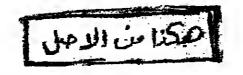
Section 3, a CHAPS payment must be sent to the Starting Banking Office.
Bank of England (Sort Code 10-00-00) for the credit of "New Issues"
(Account number \$8560009) quoting the reference "AUCTION", to arrive

not later than 1.30 per on Thorsday, 24 July 1997. CHAPS payments must

he debited to an account in the name of the applicant (or an account in the

inim names of the applicant and one or more others) held with a bank or

building society in the UK.



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#### **COMPANIES AND FINANCE**

## Grundig's future uncertain as Philips sells stake

By Graham Bowley in Frankfurt

The future of Grundig, the descended into bitter public rows electronics group, was thrown dig - once the epitome of Gerinto doubt yesterday after Phil- many's post-war success - which ips, the Dutch electronics com- Philips has been forced to cover. pany, announced it had sold its 26.6 per cent stake to investors stake in Grundig. It said Botts led by Botts & Co, the UK bank. had paid a "limited" up-front The move severs Philips' links amount for the Grundig stake as a main shareholder in Carundig but that it expected to receive a

tumultuous period in the history of the two groups, which lossmaking German consumer about the size of losses at Grun-Philips will retain a 5 per cent

London-based merchant hank ment signed in 1984, the Founds-16.4 per cent stake in Grundig 2004 for DM411m (\$229m). from Hohenstaufen, the German asset manager, taking its stake in

the company to 43 per cent. Grundig Foundation, the original which began in 1984. It ends a further share of future Grundig parent, when the stake passes to urrected."

profits from Botts, a small Philips in 2004. Under an agree-

Botts said it intended to retain its interest in Grundig for the long-term. The bank said: "We Botts has agreed to buy the see value in Grundig. We realise remaining 52 per cent Grundig it has had a very hard time and stake, currently held by the Max has hard challenges ahead, but we feel the company can be res-

However, the bank had no immediate restructuring plans. which was formed 10 years ago. tion has an option to sell its The poor relations between Grun-Botts said it had also bought a 52 per cent stake to Philips in dig and Philips had hindered access to the Grundig board but it now employs about 8,500 inflating its 1996 losses, which Botts would pow seek talks with the German company.

Analysts remained pessimistic about the future of Grundig, which has been saddled with high German labour costs while facing intense competition from cheaper imports from Asia.

At the same time, demand in its domestic market has been locked in dispute about the sluggish, as Once a big employer extent of Grundig's 1996 deficit. with a workforce of about 40,000. Philips has accused Grundig of people, about half in Germany.

"There is always some chance that Grundig will not survive. There is now nobody to match their losses. So Philips may not receive much money at all," said Mr Steven Vrolijk, an analyst at ING Barings in Amsterdam.

Philips and Grundig are still Grundig said were DM631m at the group level.

Philips relinquished management control in January this year after several years of dismal losses, but under its 1981 agreement it is still obliged to compen-

## and Nikko plan venture

By Gillian Tett in Tokyo

Smith Barney, the US hroker, is planning a financial services joint venture with Nikko, Japan's third largest securities company, later this year.

Tha venture is expected to offer US-styls financial advice to consumers on investment trusts and other products. This is likely to includa "wrap accounts" - a sophisticated form of investmant trust likely to be permitted in Japan next

The move is one of the first joint ventures between a Japanese securities house and a foreign group to offer advanced financial products to retail investors.

It provides further indications of the growing interest that Big Bang is stirring smong foreign financial groups. Many foreign companies are keen to introduce financial advisory services and products to tap the country's estimated \$12,000bn worth of assets, especially as most Japanese companies do not have experience of these products.

Mr James Dimon, Smith Barney chairman, said: "We expect enormous demand among Japanese consumers for professional investment advisory consulting services. "The planned Nikko-Smith Barney joint venture will be

to the Japanese market." A string of alliances has emerged in recent weeks between foreign and Japanese partners, including a swesping agreement between Swiss Bank Corporation and Long-Term Credit. Bank of Japan, announced

on Tuesday. The planned alliance between Nikko and Smith Barney is more modest. They have not made crossshareholding pledges and have not yet decided how large the joint venture will

They plan to start the S0:50 joint venture this autumn. Nikko said the business would focus on providing financial consulting services to corporate and retail clients for investment trusts and other financial instruments. This is expected to include "wrap" accounts, in which Smith Barney has a large market share in the

allows a securities house to offer a quasi-bank account to customers, by pooling their investments and offering expert, third-party financial advice. Wrap accounts can often be used to make regular payments, such as telephone bills. The Japanese government has pledged to lift the han on these accounts next year as part of exceptionally well-positioned financial deregulation.

The wrap account system

### Smith Barney A new era for timeless craft

ooking at Mr Walter Lange it seems possi-hle to turn back the

clock. After the second world war Mr Lange fled Glas-Saxony, leaving behind his family's watch making husiness which was nationalised hy the Communists. Now, almost 50 years later, Mr Lange is back in Glasshütte as the public face of one of east Garmany's more unusual corporate success stories.

Among watch collectors, the name A. Lange & Söhne has long been associated with the exquisitely crafted timepieces turned out by Mr Lange's forefathers, who moved to Glasshutte in 1845 at the behest of a Saxon government keen to bring new business to a depressed mining region.

Today the "new" Lange brand is taking on the traditional giants of the world of luxury watches, such as Patek Philippe. A new Lange watch costs DM12.000-DM148,000, though customers with special wishes can easily find themselves paying much more. Such prices do not seem to have scared off the company's target market. All its watches are pre-sold until spring 1998. Mr Lange's return to Glas-

shutte began shortly after the collapse of communism. In harness with the Swiss company Les Manufactures Horologeres (LMH), a subsidlary of Mannesmann, Mr Lange came out of retirement and went east to see if ily concern.

Walter Lange: wstching over the company hecome part of a larger machinery and materials in a small building just up the watch company, GUB, which manufactured for the mass road from the original Lange market. The Treuhand privabuilding. tisation agency only wanted to sell GUB in its entirety, The guiding principle for LMH and Mr Lange, who has

neither LMH or Mr Lange. But GUB had long since dropped the Lange brand, which left open the chance for Mr Lange and LMH to relaunch it.

an option which interested

A new company was built from scratch. Eighty GUB was no place in the market workers were bired and for a new watch," says Mr be could take back the fam- taken to Switzerland for Günter Blümlein, chief exectraining. LMH began plough- utive of LMH and also The attempt failed. Under ing DM20m (\$11.2m) of managing director of new the communists, Lange had start-up investment into Lange.

Mr Lange himself - now in his 70s - is closely involved in strategic issues. "My job is to watch over the company and see that every thing is continued in the old style," he says.

Within the LMH family. Lange is now the top hrand, ahead of the group's better known Swiss subsidiaries, International Watch Collection and Jaeger-LeCoulture.

v accounts for 11 per cent of LMH's sales of DM280m. Lange. which makes 2,200 units a year. is "no longer making opera-tional losses" and should pay hack investment costs in 2000, according to Mr Blümlein .

As well as returning to the meticulous hand-crafting of erating privatisation procountless tiny pieces of gold, platinum and precious stones which go into a Lange watch, the company has devoted much of its energy and about DM3m per year on marketing.
The number of retail out-

lets is limited to 48 worldwide. The company's advertising is deliberately upmarket, playing on exclusivity and the grandness of past customers, such as the Kaiser - and using Mr Lange himself to emphasise the link with the hrand's illustri-

Lange was recently named were going to revive Lange, in a survey of 50 east German success stories commissloned by the federation of German industry. For Mr Lange such accolades are a bonus to what be describes as dream come true.

### Goldman adviser on Rom Telecom

By Kevin Done,

Goldman Sachs was yesterday awarded the mandate to advise the Romanian government on the privatisation of Rom Telecom, the telecommunications ntility, ith annual sales of DM32m. Lange in east Europe.

East Europe Correspondent

The US investment bank emerged as the winner from a fierce tender competition which attracted most of the world's leading investment banks.

The Rom Telecom mandate has been regarded as the most prestigions on offer in Romania's accelgramme and as an important marker for any western investment hank seeking to expand in east

The Romanian government is planning to sell an mittal stake of 30 per cent to a foreign strategic investor with an additional stake of between 3 and 5 per cent to be made available to employees.

The sale could value Rom Telecom at about \$4bn. The government is planning that 60 per cent of the proceeds In a second stage the

government is planning to privatise the rest of Rom Telecom through a public offering to international and domestic investors with the state maintaining only one golden share.

operators in west Enrope and North America is expec-

ted to be high.
The Guldman Sachs con sortium includes Skadden. Arps, the US law firm. Price Waterbonse, the international auditing and consultancy grnup, and Nestor Nestor & Kingston Petersen,

Goldman Sachs is among the leaders in telecoms privatisation transactions, but bas most frequently acted as adviser to the buyers rather than to governments.

In Hungary it ndvised Deutsche Telekom and Ameritech on the acquisition of a strategic stake in Matav, and in the Czech Republic it advised KPN of the Netherlands and Swiss Telecom on their winning bid for a 27 per cent stake in SPT Telecom.

Mr Scott Mead, managing director of Goldman Sachs commonications, media and technology group, said the hank's winning bid bad not been the lowest submitted to the Romanian Communications Ministry.

The final contract would be negotiated next week and work on the privatisation would begin immediately.

The timing of placing the should flow to the company tender for a strategic invesand 40 per cent to the state, tor would depend crucially on the speed at which the government could resolve key issnes, including the completion of a regulatory framework and tariff structure. investment objectives for developing the network and the granting of further Frederick Studemann Interest from telecoms mobile telephone licences.

### FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE international Limited, Goldman, Sechs & Co. and Standard & Poor's. The Indices are compiled by FTSE international and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatiVest Securities Ltd. was a co-founder of the Indices. WEDNESDAY JULY 18 1907 - DOLLAR INDEX ----

| figures in parentheses | US     | Day's  | Pound   |                  |         | Local     | Local  | Gross        | US       | Pound            |                  |                  | Local            |                  |                  | Year           |
|------------------------|--------|--------|---------|------------------|---------|-----------|--------|--------------|----------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|
|                        | Dom.   | Cusude |         | Yen              | DM      | CILIARICA |        | Div.         | Dollar   | Starting         | Yen              |                  | Currency         |                  |                  |                |
| f stock                | Index  | 96     | Index   | Index            | Incless | Inclex    | on day | Yield        | Index    | Index            | Index            | Index            | Index            | High             | Low              | (approx        |
|                        | 84.1ES | 1.0    | 205.84  | 169.87           | 215.69  | 209.34    | 0.9    | 8.64         | 229.24   |                  |                  | 214.21           | 207.41           |                  | 188.44           |                |
| uetria (25)            | 208.15 | 1.8    | 180.20  | 149.07           | 189.26  | 189.15    | 1.6    | 1.74         | 199,34   |                  | 146.25           |                  | 186.15           |                  | 174.70           |                |
| Selglum (29)           | 254.68 | 0.7    | 225.91  | 186.88           | 237,30  | 232,48    | 0.4    | 2.94         | 252.93   |                  | 185.56           |                  |                  |                  | 206.88           |                |
| Brazil (30)            | 280.82 | -6.5   | 249.70  |                  | 261.65  | 558.42    | -6.5   | 1.31         | 300.18   |                  | 220.23           | 280.50           |                  |                  | 170.26           |                |
| Canada (127)           | 220.34 | -0.3   | 195.45  | 181.68           | 205.30  | 219.66    | 0.0    | 1.88         | 220.92   | 195.47           | 162.08           | 206.44           | 219.69           | 220.92           | 154.12           |                |
| Denmark (32)           | 421.25 | 28     | 373.68  | 309.10           |         | 391.13    | 24     | 1.31         | 409.88   | 362.65           | 300.70           | 382.99           | 381.92           | 421.25           | 303.46           |                |
| inland (28)            | 314.08 | 1.5    | 278.58  | 230,45           | 292.62  | 348.59    | 1.2    | 1,58         | 309.30   |                  | 228.82           | 289.02           | 344.44           | 314.06           | 186.67           |                |
| Tance (84)             | 231.78 | -0.6   | 205.59  | 170.08           | 215.96  | 220.18    | -0.8   | 2.39         | . 233.18 | 206.32           | 171.07           | 217.89           | 222.05           | 237.57           | 186.94           | 190.8          |
| Sermany (59)           | 238.51 | 0.9    | 207.13  | 171.35           | 217.57  | 217.57    | 0.8    | 1,30         | 231.45   | 204.78           | 169.81           | 216.28           |                  | 233.51           | 168.70           |                |
| long Kong, China (66)  | 530.78 | 0.3    | 470.82  | 369.48           | 434.55  | 528.04    | 0.3    | 2.87         | 529.01   | 468.07           | 388.11           | 494.33           | 526.29           | 539.63           | 407.55           |                |
|                        | 239.46 | 0.4    | 21241   | 175.72           | 223.12  | 363.58    | 0.0    | 1.79         | 238.50   | 211.03           | 174,98           | 222.88           | 383.58           | 254.90           | 183,62           | 204.0          |
| reland (17)            | 374.84 | 0.7    | 332.49  | 275.05           | 348.25  | 351.65    | 0.7    | 2.73         | 372.35   | 329.48           | 273.18           | 347.94           | 349.32           | 374.84           | 270.08           | 271.5          |
| taly (56)              | 105.42 | 4.0    | 93.51   | 77.35            | 98.22   | 137.18    | 3.7    | 1.80         | 101.40   | 89.72            | 74.40            | 94,73            | 132.25           | 105.42           | 73.26            | 76.9           |
| lapan (485)            | 138.03 | 0.7    | 122.44  | 101.28           | 128.61  | 101.28    | 0.7    | 0.78         | 137.12   | 121.33           | 100.60           | 126.13           | 100.60           | 150.97           | 107.57           | 149.6          |
| Anlayais (107)         | 485.49 | -0.1   | 412.90  | 341.57           | 433.71  | 464,32    | 0.0    | 1.48         | 466.21   | 412.50           | 342.04           | 435.64           | 464.32           | 660.85           | 465.49           | 558.0          |
| Mexico (27)1           | 720.24 | 1.2    | 1525.90 | 1262.29          | 1602.82 | 4791.75   | 0.3    | 1.26         | 1700.44  | 1504.55          | 1247.54          | 1588.96          | 14746.93         | 1736.93          | 1121.58          | 1134.8         |
| letherlands (19)       | 123.79 | -0.8   | 375.82  | 310.97           | 394.87  | 390.43    | -1.1   | 1_99         | 427.48   | 378.23           | 313.62           | 399.45           | 394.87           | 427.48           | 279.88           | 286.5          |
| low Zoeland (14)       | 91.58  | 0.4    | 81.23   | 67.20            | 85.33   | 74.10     | 0.8    | 3.92         | 91.22    | 80.72            | 66.93            | 85.24            | 73.48            | 96.47            | 79.04            | 79.5           |
| lorway (41)            | 325.87 | 0.4    | 289.08  | 239.12           | 303.63  | 327.64    | -0.4   | 1.88         | 324.52   | 287.14           | 238.09           | 303.25           | 328.94           | 326.60           | 246.04           | 250.0          |
| hilippines (22)        | 148.68 | 5.9    | 130.11  | 107.63           | 138.67  | 209.36    | 2.0    | 0.91         | 138.54   | 122.5B           | 101.64           | 129.45           | 205.32           | 214.07           | 138.54           | 208.7          |
| Singapore (42)         | 376.54 | 0.2    | 334.00  | 276.30           | 350.84  | 253.25    | 1.0    | 1.20         | 375.92   | 332.61           |                  | 351.27           | 250.84           | 44B.01           | 380.08           | 394.3          |
| South Airica (44)      | 381.4B | 0.4    | 320.62  | 265.23           | 338.78  | 359.90    | 0.4    | 2.40         | 360.00   | 318.53           | 264.12           | 336.40           | 358.41           | 370.12           | 301.49           |                |
| Spain (33)             | 262.BB | -1.3   | 233.18  | 192.88           | 244.91  | 300.64    | -1.5   | 2.20         | 268.37   | 235.60           | 195.43           | 248.91           | 305.34           | 276.05           | 171.91           | 175.5          |
| Sweden (49)            | 511.32 | -0.1   | 453.55  | 375.20           | 478.42  | 588.50    | -1.0   | 1.75         | 511.95   | 452.97           | 375.59           | 476.38           | 594,36           | 511.95           | 334.35           |                |
| Switzerland (33)       | 19.04  | -0.8   | 283.00  | 234.11           | 297.26  | 293.07    | -0.8   | 1.18         | 321,45   | 284.42           | 235.84           | 300.38           | 295.53           | 329.59           | 231.69           | 245.7          |
| Thelland (42)          | 63.74  | -1.8   | 56.53   | 46.77            | 59.38   | 74.74     | -1.2   | 4.14         | 64.87    | 57.40            | 47.59            | 60.62            | 75.64            | 158.78           | 47.55            | 157.5          |
| Inited Kingdom (213)   |        | -0.5   | 287.07  | 237.47           | 301.54  | 287.07    | -0.3   | 3.50         | 325.28   | 287.81           | 238.64           | 303.95           | 287.81           | 325.28           | 229.70           | 229.7          |
| ISA (644)              | 377.63 | : -0.5 |         | 277.10           | 351.65  | 377.63    | -0.5   | 1.63         | 379.67   | 335.94           |                  | 354.7B           | 379.67           | 379.67           | 254.79           | 257.9          |
| mericas (828)          |        | -0.8   | 306.28  | 253.37           | 321.72  | 290.74    | -0.6   | 1.62         | 347.34   | 307.32           | 254.83           | 324.57           | 292.48           | 347.34           | 233.09           | 235.9          |
| urope (718)            | 204 21 | 0.0    |         | 208.63           |         | 267.58    | -0.5   | 2.40         | 284.44   | 251.67           |                  | 265.79           | 267.94           | 284.44           | 204.71           | 207.3          |
| Urope (7 10)           | 197 60 | 0.6    | 388.41  | 321.31           | 407.90  | 440.49    | -0.1   | 1.67         | 435.25   | 385.11           |                  | 406.72           | 440.95           | 437.88           | 291.45           | 297.5          |
| terdic (160)           | SE 24  | 0.6    |         | 113.81           | 144.64  | 115.16    | 0.6    | 1.24         | 154.28   | 136.51           |                  | 144.17           |                  | 163.63           | 127.18           | 167.9          |
|                        | 208.12 | 0.2    | 185.50  | 153.45           | 194.85  | 172.48    | . 0.2  | 1.90         | 208.62   | 184.59           |                  |                  |                  |                  |                  |                |
|                        | 367.92 | -0.5   | 326.35  | 269.97           | 342.80  | 367.11    | -0.5   |              | 389.86   |                  |                  | 194,94           | 172.14           |                  | 173.55           |                |
|                        | 256.58 | 0.2    | 227.58  | 188.26           | 239.05  | 248.93    | -0.5   | 1.63<br>1.78 | 256.00   | 327.25<br>226.51 | 271.35<br>187.91 | 345.61<br>239.21 | 369.01<br>250.10 | 389.86<br>256.58 | 248.65<br>185.65 | 251.7<br>189.9 |
| THOME OF BUILDING      | 305.88 | 0.5    | 271.32  | 224.45           | 285.00  | 273.29    | 0.5    | 2.73         | 304.42   | 269.35           | 223.34           |                  | 271.93           | 320.65           |                  | 276.2          |
| Ciding Can add /anal   |        | 0.5    | 188.83  |                  | 198.35  | 179.28    |        |              | 212.58   |                  |                  | 284.46           |                  |                  | 268.97           | 181.9          |
|                        | 212.89 |        |         | 158.21<br>190.65 | 242.08  | 230.92    | -0.1   | 1.88         |          | 188.09           | 155.98           | 198.64           | 179.09           | 212.89           | 178.94           | 202.8          |
| 1010 mr a (            | 259.81 | -0.1   | 293.14  |                  | 307.92  | 321.54    | -0.4   | 1.57         | 260.18   | 230.21           | 190.88           | 243,12           | 231,38           | 260.18           | 199.58           | 235.9          |
|                        | 330.48 | -03    |         | 242.50           |         |           |        | 1.95         | 931.60   | 293.40           |                  | 309,86           | 322,71           | 331.60           | 233.10           |                |
| he World Index (2471)2 | 265.30 | -0.2   | 235.33  | 194.67           | 247.18  | 236.22    | -0.2   | 1.78         | 265.77   | 235.15           | 194.98           | 248.35           | 236.69           | 265.77           | 202.32           | 205.2          |

changes: STET (Utomery and Swedge recently as Insection have specifically and Swedge, Thelland, released regional indices and The World Index. Letter were unitselfable for the SCUDDER GLOBAL OPPORTUNITIES FUNDS Mé d'inventissement à Capital Vuriable à Compartisseme Multiples B.P. 278 al. 47, Bouleword Royal, L-2012 Luxemb R.C. Luxembourg B.43.017

Dear structure the pleasure of inviting you to bitlend the Arawet General Meeting of chareholders, which will be held on July 28, 1997 at 10,00 a.m. at the offices of State Street Bank Lucembourg S.A., 47 Bodevard Royal, L-2449 Lucembourg, with the

NOTICE OF MEETING

charge to be granted to the Directors and to the Auditor for the financial year led March 31, 1997.

Action on pomination for the election of Directors and Auditor for the ensuing year. Arry other business which may be properly brought before the meeting.
 The shareholders are advised that no quorum for the terms of the agenda is The shareholders are advised that no quorum for the hams of the agends is required, and that the decisions will be taken at the majority vote of the sheets present or represented at the Meeting. Each chare is entitled to one vote. A characteleter may act



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IN THE MATTER OF THE COMPANIES ACT 1985 NOTICE IS HEREBY GIVEN that the Order

of the High Court of Justice, Chancery Division relating to the above-pamed Company dated 9th July 1997 confirming a OST,000,000 was registered by the Registrar of Companies on 16th July 1997.

DATED this 19th July 1997 35 Basinghall Street London ECTY 5DB

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## COMPANIES ET MARKETS

THE LITCHFIELD OF COMPANIES MANUFACTURING WORLDWIDE NETHER HEAGE, DERING DESCRIPTION OF 3 SIGNAL

Weekend July 19/July 20 1997

## New blow for MCI on Club Med telecoms court ruling

By Richard Waters in New York

A US court yesterday dealt a further blow to efforts to open the \$100bn local telecommunications market in the US to competition.

The court ruled that federal regulators had exceeded their powers in trying to stimulate competition in the sector.

The decision is another hlow to long-distance carriers such as AT&T and MCI Communications, which bave been trying to break into an industry dominated by regional monopolies. Their own long-distance market is already fiercely competitive, denting the finances of both companies in recent

Yesterday's ruling concludes a turbulent week for AT&T MCI and British Telecommunications, which are planning a \$29bn merger, have soured over the US company's revela- decide the issue, it said.

tion that the alow pace of deregulation will leave it with losses of \$800m from local calling this year, twice what had

AT&T, meanwhile, has begun a search for a new chief executive following the aurprise departure of Mr John Walter, the man who had been in line for the job.

The deregulation of local calling - provided for in legislation adopted 18 months ago - left it up to the Federal Communications Commission to rule on the arrangements should lease out the use of tbeir networks to rivals to allow competition to develop.

Yesterday, however, the Appeals Court for the 8th Circuit, based in St Louis, ruled that the FCC had overstepped its powers in trying to influence the pricing of these arrangements, Instead, individual state regulators should

This upheld last October's lower court decision, and further upset the hopes of long-distance carriers that they would be able to break into local calling under a single, national set of pricing rules. Such rules were widely seen as being in their favour.

"This is a huge setback for competition [and] a tremendous shot in the arm for the forces of incumbency and the status quo," Mr Reed Hundt, chairman of the FCC, told the Financial Post, a Canadian newspaper. "But there's an under which local carriers antidote for monopolies: the supreme court."

Earlier this week, the FCC set up a task force to investi-gate whether the "Bahy Bell" companies, which, along with GTE, control the local markets, were putting unfair obstacles in the path of would-be competitors.

White House wars, Page 3

### chairman attacks ex-bosses

By Samer Iskander in Paris

A row between the old and new managers of Club Mediterrance, the boliday resort operator, intensified yesterday after Mr Philippe Bourguignon, the recently-appointed chairman, described his predecessors' management as "ama-

The row started on Thursday during a board meeting which saw the resignation of Mr Gilbert Trigano, who founded Club Med in the 1950s, and bis son Serge, who ran the company until receotly.

"There is no room left for a Trigano in this house," Mr Serge Trigano said. "I do not know if it will become a Mickey Mouse Club ... hnt this is not my chub any more. There is a new management team, with its own methods, which are not the same as

Club Med shares rose 5.9 per cent to FFr445, one of yesterday's strongest performances on the Paris Bourse.

Mr Bourguignon was appointed chairman in February under pressure from sharebolders after the company reported a loss of FFr743m (\$122.6m) - its largest ever - for the financial year 1995-96.

Mr Bourguignou, previously chairman of Euro Disney, was credited with returning the Paris theme park to profitability. Yesterday he replied to Mr Trigano by saying that Club Med had been suffering from "amateurism . . . and a lack of technical competence".

Thursday's board meeting ratified the half-yearly results for the period ended on April 30. These showed a net loss of FFr413m, against a profit of FFr88m in the same period a vear earlier.

 France's Socialist-led government plans to privatise insurer GAN and its banking arm CIC, but will maintain Thomson Multimedia as a state-owned company, a finance ministry spokeswoman said yesterday.

### THE LEX COLUMN Bout of nerves

spirits business. That is too high.

demanding .

listen. Even they, after all, agree

that pooling three spirits companies

would create more value than com-bining just two. But until Mr

Arnault shows be can somehow

block the merger, they are right to

Club Med has 141 clubs -- 140 acat-

tered around the world's sunspots

and one at its Paris beadquarters.

That, at least, is the conclusion of

leisure group's new chairman. The

root of the problem seems to be that

the whole company has been run

has the makings of a textbook turn-

around, not unlike the one he pre-

sided over at Euro Disney. New

management with greater experi-

ence of brand building, marketing

and financial controls has been brought in. Old management,

sites and launched an overhaul of

drive a hard bargain.

Club Med

lesa

FTSE Eurotrack 209: 2702.7 (-5.6)

Equity markets had a groggy look about them yesterday. After the heady midweek flavour which saw the Dow Jones Industrial Average charge through 8,000 and the FTSE 100 index race to the brink of 5,000, both were yesterday in headlong retreat. Perhaps it really was nothing more than the combination of Friday trading, profit-taking after recent sharp rallies and the "disappointment" of Microsoft's earnings advancing by only 89 per cent.

But that was not the way it . ooked. There was a nervous edge to events - not surprisingly either. It is not only equity markets that have reached historically stretched valuations. Debt markets are similarly exuberant; spreads have shrunk dramatically, to the point where even the splvvier bedge funds expect to be treated like topgrade credits. But these are not new developments, so why the nervousness? One hint may be the 15 per cent fall in Brazilian shares over the past week, the first sign of contagion from ructions in Asian markets, and possible harbinger of a change in investors' risk appetite.

Certainly nerves will be tested next week. The audit of French finances on Monday has the potential to deal a hammer-blow to the Emu process. Later in the week, Mr Alan Greenspan testifies before the US Congress. The merest hint that he is not the great inflation dove that some now suppose will send markets scurrying for cover. At current valuation levels, markets have little scope to absorb had news.

#### GMG/LVMH

There is nothing terribly disturbing in this week's verbal battles between Guinness, Grand Metropolitan and LVMH's disgruntled chairman Mr Bernard Arnault. On the contrary, Mr Arnault owes It to his shareholders to cause trouble, in the hope that Guinness/GrandMet will make concessions to shut him up. And so far at least, the British merger partners show an equally admirable reluctance to give ground. It may well make sense for them to bring LVMH into their planned merger, hut only on terms which reflect their strong negotiating position.

Not that there was much recognition of the latter in Mr Arnault's . Bourguignon has also sold non-core formal proposal. In return for his 66 per cent stake in Moët Hennessy and his holdings in Guinness and GrandMet. Mr Arnault asked for a 35 per cent share in a combined

FFr820m (\$184.86m) in February, yesterday's half-year results con tained another FFr630m, mainly non-cash write-downs of inventory and property. A third, smaller dollop of charges is promised for the second half. But the 6 per cent jump in the shares suggests relief that the group's problems are being

The underlying business, meanwhile, should start to benefit from more stable pricing, a pick-up in French consumer spending and better cost control. Club Med's brand may look a little blurred, but it remains valuable. And even after yesterday's jump, the shares are only just off a 24-year low relative to the French stock market.

#### NatWest NatWest's water torture contin-

Not only do analysts reckon his nes. First It was Abbey National in contribution would merit a lower the frame as merger partner, then stake - perhaps 25 per cent - but a Barclays and most recently, the 35 per cent holding would also come Prudential. Along the way, there were further setbacks in its investperilously close to effective control, for which he would be paying no ment banking arm. Even if the Barclays rumour were simply that, and Of course, this week's proposal the latest initiative were the Prumay just be a first shot. Assuming dential's, NatWest would still be Mr Arnault is willing to negotiate left looking shop-soiled. Guinness/GrandMet must certainly

The Pru's interest is easily understood. It has long cherished a distribution outlat for its products and NatWest is cheap. But whether it has the management prowess to get to grips with NatWest is doubtful. Anyway, it is far from clear that NatWest branches would he the optimum outlet for the Pru's products. A better fit, should it become available, would be Nationwide huilding society. It presents an easier management proposition, comes without a controversial investment bank, and has a purer retail client base.

Mr Philippe Bourguignon, the ailing This does not mean NatWest has seen the last of the Pru. The reasons cited for talks failing look surrather like one of its boliday camps. mountable: the Pru could easily enough rid itself of NatWest Mar-Mr Bourguignon's proposed cure kets, while Str Peter Davis, its chief executive, would probably fancy his chances over the incumbent management in any dispute over who would run a merged group. Of course, it makes little sense for Nat-West to give Itself away cheaply. including the founding Trigano family, has been eased out. Mr And it does not have to do a deal: returns are inadequate, but It should still make £1.7bn in pre-tax assets, started closing loss-making profits this year. The danger, though, is that if NatWest's manthe booking systems. Naturally, all agement do not come up with a credible plan, they may find they this requires liberal provisioning. After restructuring charges of

### **American Airlines and BA** may buy 20% Iberia stake

By Michael Skapinker in London and Tom Burns

American Airlines and British Airways are considering buying up to 10 per cent each of can and the Spanish carrier Iberia, the Spanish carrier, said they had reached a codewhich is expected to be partially privatised next year.

The purchases could lead to

Iberia being included in the proposed BA-American alliance. The alliance, which has to be approved by regulators on both sides of the Atlantic, would control more than 60 per cent of flights between the UK and the US.

Both BA and American already have links with Qantas of Australia. With the inclusion of Iberia, American and BA would provide stiff December 31. Iberia sold 12 per competition for the six-airline cent of its equity to its employ-Star Alliance, which is lead by Lufthansa of Germany and United Airlines of the US.

22,24

22 23 LMH

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tinas. Iberia, which manages the airline, will reduce its holding to 10 per cent.

In addition to a possible equity stake in Iberia, Amerisharing agreement. Under the deal, the airlines will sell seats

on some of each other's flights.

BA and Iberia have signed a memorandum of understanding to discuss code-sharing. the co-ordination of cargo services and marketing co-opera-

Iberia said American and BA could mutually purchase between 10 and 20 per cent of If the transaction goes

ahead, It will be completed hy cent of its equity to its employees in May.

agreed to acquire a 10 per cent tor holding company, Sepi, will Airlines of the US.

Nikko

5BC Skadden Arps Smith & Wesse

23

PPL Therap

Price Water

stake in Aerolineas Argen- continue to bold a 51 per cent stake in Iberia.

If BA and American huy their stakes, the remaining ahares will be sold in a public offering that could take place in the first half of next year. In 1995, BA strongly criticised a decision by the European Commission to allow the Spanish government to invest

Pta87bn (\$576m) in Iberia. But yesterday Mr Robert Ayling, BA's chief executive, said: "Iberia has overcome serious problems in recent years, it now has a number of significant assets, including a strong and effective management team, a highly skilled workforce and an important European market with significant potential."

an alliance with American and BA for some time, although it According to the Spanish has also been in discussions government's blueprint for the with KLM of the Netherlands, American said it had also airline, the Spanish public sec- Air France and Continental

Iberia has been pressing for

See Lex

| Lirotrack 100   | 2791.63<br>2754.14<br>29240.32<br>7919.73 | (-31.35)<br>(-1.2%)<br>(-269.93)<br>(-101.04)<br>(-12.65) | \$ 1,6744 (1.6713<br>DM 2,9969 (2,9952<br>FFr 10,131 (10,1216           |
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| Funds:  | 54%                                       |   | DM 1.7907   |
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|   | 6.507%                                    |   | Y 115.77  |
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| ork Comerciul.  | 9328.9                                    | 6324.01   | \$ Index 103.7 (103.9   |
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|   | Funds:                                    | LUNCHTIME   RATES   Funds                                 | Funds: 5-1/4 ges 88s: Yid 5296% ord 1613                                |

### **Europe today**

Low pressure over central Europe and the alpine countries will bring cloud and rain. There will be some heavy and thundery showers, with the risk of local flooding. Denmark, Germany, the Benelux and France will have some cloud and showers, but spells of sunshine, too.

Portugal will be dry and mostly Much of Scandinavia will be fine with isolated showers. Most of the Mediterranean and the Iberian peninsula will be hot and

The rest of France, Spain and

### Five-day forecast

Central and eastern Europe is expected to stay cool and unsettled until the middle of next week when fine weather will return.

In Spain, thunderstorms will develop on Tuesday, and these are expected to move north into France on Wednesday.

Most other parts of Europe will be fine and warm.

| TODAY'S   | TEMPERATI          | JRES               |      |
|-----------|--------------------|--------------------|------|
|           | Maximum<br>Celsius | Beijing<br>Beifast | P    |
| Abu Dhabi | Fair 37            | Belgrade           | Thun |
| Accra     | Thunder 28         | Berlin             | Clo  |
| Algiers   | Fair 30            | Bermuda            | Shor |
| Amsterdam | shower 21          | Bogota             | Thur |
| Athens    | Fair 32            | Bombay             | Thur |
| Atlanta   | Fair 32            | Brussela           | Shor |
| B. Aires  | Fax 12             | Budapest           | Thur |
| B.Ham     | Fair 23            | C.Hagen            | F    |
| Bangkok   | Thunder 35         | Cairo              |      |
| Oamalana  | C 114              | Come Your          |      |

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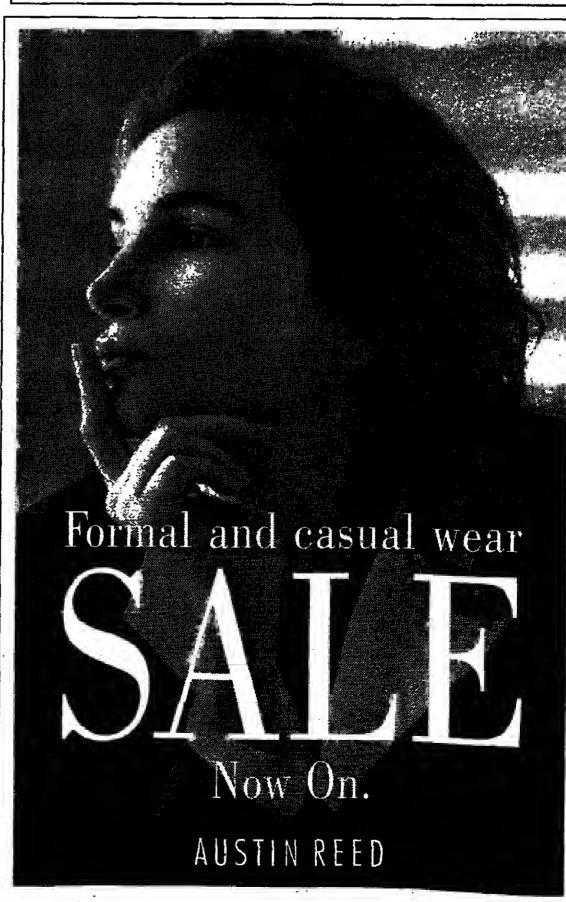
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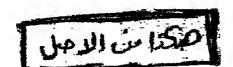
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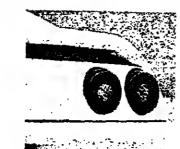
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| Faro       | Sun 30     | Madrid      | Fatr 32    | Rangoon    | Thunder 31 |  |
|------------|------------|-------------|------------|------------|------------|--|
| Frankfurt  | Rain 20    | Majorca     | Sun 28     | Reykjavík  | Rain 17    |  |
| Geneva     | Shower 22  | Meta        | Fair 32    | Rio        | Fair 28    |  |
| Gibretter  | Sun 25     | Manchester  | Fair 22    | Rome       | Sun 28     |  |
| Glasgow    | Fair 23    | Manila      | Thunder 33 | S. Frsco   | Sun 24     |  |
| Hamburg    | Shower 20  | Melbourne   | Fair 14    | Seouf      | Fair 32    |  |
| Heleinki   | Feir 22    | Mexico City | Thunder 32 | Singapote  | Thunder 33 |  |
| Hong Kong  | Thunder 31 | Mem         | Shower 35  | Stockholm  | Fair 22    |  |
| Honolulu   | Fair 32    | м⊛ап        | Fair 23    | Strasbourg | Rain 20    |  |
| stanbul    | Sun 32     | Montreal    | Sun 19     | Sydney     | Shower 15  |  |
| Jakarta    | Fair 32    | Moscow      | Fair 22    | Tangier    | Sun 32     |  |
| Jersey     | Fatr 18    | Munich      | Rain 25    | Tel Aviv   | Sun 31     |  |
| Karachi    | Fair 37    | Natrobi     | Fair 24    | Tokyo      | Fair 27    |  |
| Kurwelt    | Sun 44     | Naples      | Sun 26     | Toronto    | Sun 24     |  |
| L. Angeles | Sun 24     | Nassau      | Thunder 33 | Vancouver  | - Sun 22   |  |
| Las Palmas | Fair 27    | New York    | Fair 28    | Venice     | Sun 25     |  |
| Lima       | Cloudy 24  | Nice        | Fair 28    | Vierna     | Thunder 19 |  |
| Lisbon     | Sun 31     | Nicosia     | Sun 34     | Warsaw     | Thunder 18 |  |
| London     | Fair 24    | Osio        | Feir 24    | Washington | Fax 34     |  |
| Lux.Bourg  | Shower 19  | Paris       | Fair 23    | Weilington | Shower 11  |  |
| Lyon       | Cloudy 24  | Perth       | Sun 18     | AAJULT DOG | Rain 26    |  |
| Madeira    | Sun 28     | Pracue      | Rain 12    | Zurich     | Rain 18    |  |









#### Object of desire

Ferrari spends nothing on advertising the money goes into racing, with the torrents of airtime coming for free.

Page XVIII

Show stopppers

'Glorious pictures are only part of the story - after flowering, irises contribute nothing, except a haven for weeds.

Page XVI



Hard man, soft drinks

'Martin McGnimess, rectoraller, orders apple jnice: Daminic a lemonade. I join the party and order numeral water.

Page III

# Winging out of welfare

tioua Leeds apprentices hired room which a cholera ward, and began teaching each other subjects they had missed at school. They invited Samuel Smiles,

way manager, to talk to Out of those lectures came the book Self-help. Published in 1859, the same year as Darwin's Origin of Species, it was the best-seller of the age, numbering among Its quarter of a million readers the reformist Emperor Meiji

a former editor of tha radical Leeds Times, and then a rail-

Egypt. Smiles later regretted the title of his book, a collection of stories about men wbo had made it to the top by their own efforts. "It has led some to suppose that it consists of a eulogy of selfishness: the very opposite of

of Japan and the Khedive of

医新春 中水子之

4.25

400000000

wbat it is," he lamented.
And indeed, "self-help" has been the mantra of free market finger-waggers ever since. On both sides of the Atlantic, they have waxed choleric about the fibresapping effects of the welfare state and accused Big Government of eroding personal an army of work-shy no-hopers and criminal scroungers. these days known as "the

underclass But Smiles had something else to say, most relevant to today's debate about the proper balance between public and private support: "Help from without is often enfeebling in its effects, but beip from within invariably

invigorates. With that observation he raised an important question which Britain's new Labour government will bava to answer if its £3bn "welfareprogramme announced in the Budget on July 2 - and possibly the most far-reaching such scheme in the country'a history - is to have any chance of meeting its amhitious tar-

The question is: how will disaffected people be persuaded to swap the security of life on the dole for the nsecurity of the modern labour market? To put it another way, how many of the serially or chronically unemplayed can be lured back into the official economy by financial incentives or jolted back hy financial penalties?

It is a question that the authors of previous - often ineffectual government schemea did not really bother to ask, concerned as some were mainly to put shine on the official jobless figures. "It is a question people have tended to duck for a long time," said the head of one successful innercity scheme. Talk of wasters. scroungers, inadequates. which have been largely polemical up to now, will have to be taken seriously. What does "welfare dependency" really mean?

Walker is an eastern suburb Newcastle-upon-Tyne vhich died with the closure of the shipyards. Poor even at the best of times, it is a place of shuttered shops, vandalised property and a unemployment rate which at mes has seen more than half the men of the neighbourhood out of work.

To Spend It

But there is a beacon of he sees as God's work - a light in the surrounding controversial view within gloom, and its name is Fr Michael Conaty, parish priest of St Anthony of Padua. A tough and modest golf-playing Irishman, Fr Michael has created round his church a small network of agencies - a ministure welfare state - which is attracting attention from other parts of Britain and

In this part of Newcastle, it is routine for girls to have babies in their teens. "They need someone to love, and someone to love them," Fr Michael explained. Parents are afraid to let their children out of their sight. Many children leave school virtually illiterate. Families have been unemployed for two generations. It is no longer normal to work - indeed, it is not even normal to admit

you might want a job. Here, said Fr Michael, people lack confidence in the system, but above all they lack confidence in themselves. And this is the first burdle to be crossed. The men often fare worse

than the women, according to Ann Maughan, who works at the nearby training centre. Men who remember Typeside's industrial beyday - and their sons who don't have atrong ideaa about what constitutes "men'a work".

Women, used to managing another homes and children, are more flexible and more sociable. "They have skills men don't have; they can chat, participate and deal with authority, People have got to offer what is wanted," she added. "These days that's not being able to hammer a nail in, but being able to talk to people."

XIX

XX

Ш

**Property** 

Sport

Hugh Dickinson

Truth of the Matter

its effects, but help from within invariably invigorates' should be allowed to taka

of big industry and com-

This priest is no right-

winger, yet he, too, talks

about self-help. By self-help

he means that the poor

'Help from

enfeebling in

without is

merce," he said.

charge of their own probiems and to control the public money allotted to them. Like Samuel Smiles' apprentices, they are best qualified to help and guide one This little welfare state

relies on funds from Brussels, national agencies and the local authority. Fr Michael complains, however, that his staff are distracted, even tormented, by the official bureaucracy, while his clients feel harassed by the atate system that la supposed to be helping them. Fr Michael is doing what Fr Michael'a social service

XIV, XV

XII, XIII

started with a day centre heside the parish church, the Catholic church, "Unemwhere the old, the lonely and ployment is a collective sin the mentally ill find refuge. which governments pin on Ona regular is an antistic unemployed," he orphan who calls the hingo numbers, another a lonely declared. He is an optimist with an unshakeable confialcoholic who comes in to dence in people's ability to help keep off the drink. Jan shake off the culture of wel-Brumwell, the centre's manfare dependency which has ager, claims that because it become endemic in this part is run and "owned" by of Tyneside. "What I am people from the community loing is driven hy the needs it does a better job and can of the person, not the needs pay its staff higher wages than the local anthority

could do Next door is a youth club and sports hall, which is applying for money from the National Lottery to train children who are failing at school or have been thrown ont as unedneable. Some years ago a fight broke out and the club was wrecked. When the police came to take names and addresses. they discovered that 23 of the 65 rioters had not been

home for up to six months. An "open learning and fit-ness centre" lets adults teach themselves to read. write and operate a desktop computer in preparation for joh training. A few miles away at St Joseph's training centre the unemployed and those who have never been employed - can learn catering, gardening, lift-truck driving, retailing, security guarding and clerical and business administration. Both places claim a success rate far above aver-

business confirm Michael Conaty's optimism. He has a counterpart in Boston, on the US east coast, who has been attracting attention. The Rev Eugene F. Rivers

Christian Community in a poor area of the city who specialises in direct action on the streets. Like Fr Michael, be is filling the gap left by an increasingly remote and reluctant state appara-

Rivers and his friends are revivalists, proto-Christians wbo work among the nomads of the city - drug dealers, gangsters and truants - whom the forces of law and order and walfare cannot reach. What he and other missinnaries do ia called "mentoring" (which, translated, means showing affection) and it is credited with a hig reduction in Bos-

ton's juvenile crime rate. In Britain, too, there ia support. "There is no evidence that people don't want to work if they get a proper opportunity," said Bob Marshall, manager of the local anthority schame called Glasgow Works. "My experience is that the vast majority do want a job." He said that even the so-called "unemployables" - the small minority with serious drink and drug problems - could

be won round. But who will do the winning? Alan Sinclair, chief executive of the independent Wise Group, which runs successful return-to-work achemes in Glasgow and elsewhere, said officials of the state employment service (who will interview over 500,000 people eligible for Welfare to Work) were not the right people.

"They are seen as the policemen of the benefit system. Are vegetarians going to start buying pies from the butchers?" He added: "Some are so disillusioned that they are too clammed-up to talk. They should be given work

first, and they will talk The state hureaucracy was

too prone to lose sight of the prohlem. "Bureaucrats go on about unit costs and standardising the programme: that becomes for them more important than the reason for the programme.'

Sinclair is worried by the government's plan to reduce the imemployment benefit of persistent refuseniks. "They ara people who feel they have been punished enough already hy unemployment. The vast majority I bave dealt with are desperate for work.

Tha government has given itself the rest of the summer to work out the details of welfare to work". Pilot pro grammes will begin in January and the full scheme from next April. Ministers have promised that they will tailor the opportunity to the individual, not the other way round. "It's about looking at individuals and what will suit their needs," said a spokesman for the Department of Education and Employment.

They will have to take into account the failures as well as the successes. For instance, a well-funded and intensive US government programme called New Chance, aimed at getting teenage mothers into jobs (one of the aims, too, no Welfare to Work), seems to have flopped.

According to a study by the consultancy behind the scheme, the teenagers who signed up bave proved no more likely to get a job or avold a further pregnancy despite the \$9,000 a head that was spent on training and counselling them.

The radical right dared to questinn the effectiveness -

1000



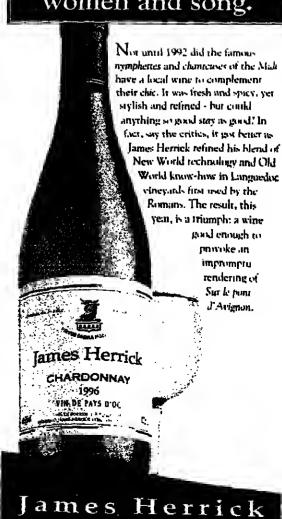
# Christian Tyler looks at ideas to deal with the west's most intractable problem, the chronically unemployed

the morality, even - of state welfare. Now it will be for the pragmatic left, epitomised by Britain's Labour government, to make sense of it. It will have to recognise the difference between dealing with numbers and dealing with oatures. between financial factors and psychological ones.

Father Michael Conaty's one-man welfare state could help redefine the point at which public provision ls most efficiently converted into private and local effort. There are some things that

only governments can afford to pay for. But there are some things that people can do nnly for themselves.

### At last the South of France has the wine to match its women and song.



This week's contents and columnists

Hugh Dickinson The valley of addiction

Like doctors working in the accident units at the foot of ski-slopes, those who work in drug centres and surgeries see the tragedies.

Page III

Truth of the Matter Molecular poetry

'Shakespeare used science os a metaphor machine, taking bits of lore ond linking them to emotions and situations."

Page III

WHI MEET OF THE THE TRANSPORT COME, RELEASE A DISCOUNT FOR THE COMPLETE FOR THE FIRST OF THE FORM OF THE COMPLETE FOR THE FORM OF THE STATE OF THE FORM OF THE STATE OF THE FORM OF THE STATE OF THE STA

CHARDONNAY

# A day in the office in a silver suit

Arnie Wilson meets Arly Gardner, a human robot who beguiles and sometimes scares the tourists

his customers were ripping him off. He tore off his work clothes and went home in disgust. "For seven hours 1 was entertaining parties of Japanese and German tourists, and posing for photographs, and they just weren't being fair with me." he said. "They'd put a few yeo or 10 prennigs into my hat. I was fuming. Even on s had day I expect to pick up £35 for eight-hour shifts as a mime artist. This was s total slap in the face."

Gardner, 34, is Robotron. s human robot. He learned how to mime the jerky actions by stodying machines which made fluorescent strip-lighting st an EMI factory in Enfield. where he worked for 18 months before launching himself as one of London's first latter-day street artists.

He wears a silver Robocopstyle suit of body-armour, complete with alien spaceman accessories - a voice simulator with eight different voices, flashing lightemitting diodes, silver face mask, space helmet and Oakley shades. From his home in Clapham, south London, he travels "to work" on a 159 hus, and changes into his ontfit where he is to perform, usually in Piccadilly Circus. He leaves the mask until last so that people are aware of the complete metamorphosis. "I used to change in the loo downstairs at the underground station, but 1 don't bother now," he says. It was the recession which finally drove Gardner on to either the streets. "It kickstarted my naw career around 1990," he says. "I was working on huilding sites but the work started drying up." He had been earning pocket money gigs in an earlier version of bis Robotron sult, and

decided to do it full time. During his career as a dancer and street artist. Gardner has taken his act round Germany, Sweden, the Netherlands and Wales, as well as to British towns such as Leicester, Nottingham and Northampton.

His act used to rely heavily on music, hut it was this element be had to drop after clashes with the police. The music used to annoy nearby shopkeepers (in Covent Garden, for example). "Huge crowds used to huild up before my act and the police said I was causing an obstruction." He now sticks to the Piccadilly Circus patch and has worked there for the past six months. "I usually work weekends, but I might steal s day in midweek if I'm strapped for cash."

After beguiling, enchant-

also svailable for hire for parties, fetes and other func-tions. Depending on what is expected of him — "and how well-off my clieots are" - he

will charge between £40 and £80 for a children's party. Gardner, almost 6ft tall, is black. "I was born in Paddingtoo, but I look a blt like a oorth American Indian." hs says. "The strange thing is that some people recognise me without my Robotron body armour and mask.

"It gets baking hot inside my suit, especially on a hot summer's day. I can't hear very well under the balaclava mask, and I can't see too well, either. I have to go hy shadows. This can help with the rohot effect, because it helps give the impression of not being con-

the Metropolitan Police and Westminster City council agree that he is not breaking any laws or hylaws, "But I often have to put up with all kinds of aggro; occasionally I get hassied by the police - I've been arrested four or five

"It's teenagers trying to spoil the show who can be really troublesome," he says. "They throw money at me it can really sting if the edge of a coin hits you. Some people even grah me in the groin - both men and women - to see if there's a real man inside my suit! You've got to deal with it thick-skinned or intelligent

ne day last tourists, he can expect to about it. Sometimes I grab week Arly make anything from £30 to them back. They're not Gardner felt around £80.£90 a day. He is expecting that, and usually they run a mile.

"Often I have no idea what's in the hat till I pack up to go home. I can't get off my box and go and check. I often get five and ten pound notes. The most I've ever had was from an Arah sheikh. His bodyguard had put four pound coins in my hand, hut I kept my hand stretched out for more. The Arah guy put a £50 note in my hand! But I have had

people stealing from me. "I put the hat for people to throw money into quite a long way away," ha says. "It's a tactical manoeuvre. Although 1 believe that the concept of an alien should not make people afraid, people can still be very frightened by me. I try especially hard not to frighten little children, because that could affect them for life."

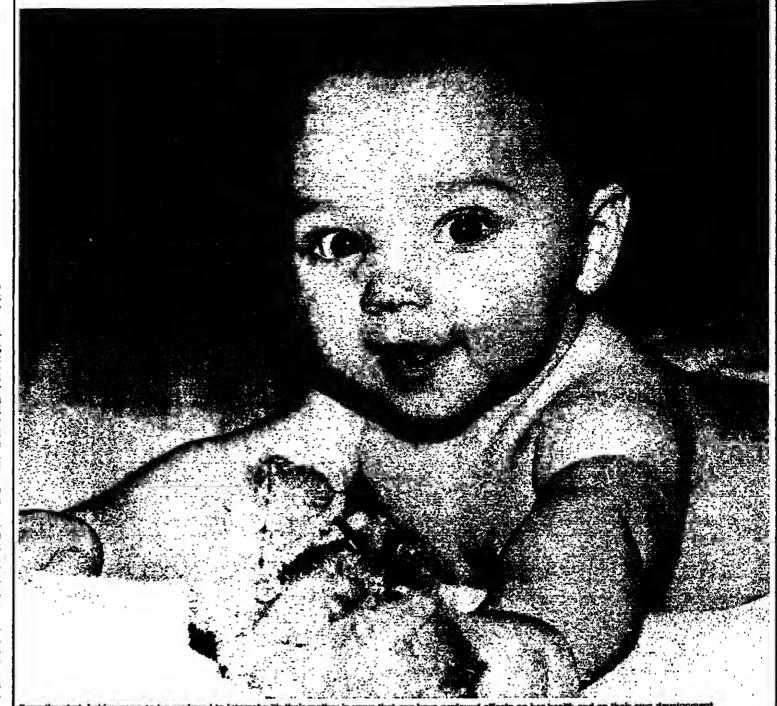
Gardner has four children not illegal. Both of his own and another on the way. "So a decent income is vital I'm not comfortably off. I haven't got a big car. I was one of the first doing this act, and I get copied by a lot of people. I have to keep one jump ahead and change my act to keep it

for the rain - it gets in my circuits, and can ruin my suit. And I have to lay out £500 for s new one. But apart from that and my fare from Clapham, I have no overheads. I really enjoy what I do when it's going well, and when I spend a day in Piccadilly Circus, it's a day in the

heing Robotron|Arly Gardner: 0181-671 2833.



ing and sometimes scaring Arty Gardner: "I try hard not to frighten tittle children"



The Nature of Things

### Never underestimate a baby

Andrew Derrington delves into a complex web of mother-child relationships

ur family folklore has it that when my big sister. aged three, saw our little hrother as a new-born baby, she asked 'can't he walk?" On discovering that he couldn't. and wanting to know wby. she asked: "Hasn't he got

Since then, more rigorous inquiries by developmental psychologists have revealed that very young babies have a surprising range of abilities. Right from the start, they seem to be equipped to learn about their mother and to interact with her in ways that can have profound effects on her mental health and on their

own development. From day one, infants are very interested in buman beings. "They seem to have species specific recognition package, Lynns Murray of the Winnecott Research Unit in Reading University's psychology department. They prefer to look at humans and listen to human voices from within an hour of hirth. They will look at a picture of a face in preference to a picture that contains a jumble of

These preferences can be measured by videotaping the baby; an experimenter who does not know what is being presented can identify where the baby is looking. This avoids the hias that might occur if a single experimenter, or the mother, does all the testing. measuring preferences is to monitor the baby's response

by sucking a dummy connected to a recording instrument. The baby rapidly becomes more selective. Within 36 bours be (or she) prefers his own mother's face and her smell. He will suck a dummy that turns on a tape-recording of her voice. It is possible that experience before birth - for example

to what is being presented

hearing the mother's voice from the womb predisposes him towards his natural mother, but in general bahies come to recognise their mother through seeing, hearing and smelling her after being born. If a baby is cared for by somebody else he may form a preference for that person

The baby's attachment to his mother is strengthened hy her responses to him. He doesn't merely want to know that she is at hand; he wants her to look at him, talk to him and play with

The Romans kniew that this happened - Virgil wrote "Incipe, parve puer, risu cognoscere matrem' (Begin, baby boy, to a smile) - but Murray and her co-workers have only recently discovered how

> Children of mothers who suffer from postnatal depression do not develop as well as normal

communicating with mother seems to be crucial for the baby's intellectual development: the quality of a baby's interactions with his mother when he is two months old predict how well he develops up to the age of five. It is, of course, more

important it is. Playing and

complicated than that; Murray and her co-workers are disentangling a vicious circle of causes and effects.
The simplest link is that, if the mother does not

respond to her haby because she is deuressed, his development suffers. Children of mothers who depression do not develop as well as normal. Murray's husband, Peter Cooper, who is a clinical psychologist, has worked with her to show that treating the mother's depression improves the development of the child. But depression does not just have effects, it

Murray and ber colleagues tested this by monitoring a group of new mothers whose circumstances predicted that they were likely to develop postnatal decression, and comparing them with other new mothers. Two characteristics of the bahies' behaviour - irritability and poor control of movement had a strong influence on

has causes, which may lie in

the baby's behaviour.

whether their mothers became depressed. Not surprisingly, irritable babies, who become

stimulation and require a great deal of comforting to stop them crying, make high-risk mothers about three times as likely to develop depression. But they do not affect low-risk

But babies who have poor ontrol of their mov they are either hyperactive, making jerky movements all the time, or sluggish in their movements - make their mothers five times as likely to become depressed, whether or not they are identified as being at high risk. In this case the depression probably occurs because it is difficult for the mother to get a response from her baby and so she cannot develop a sense of

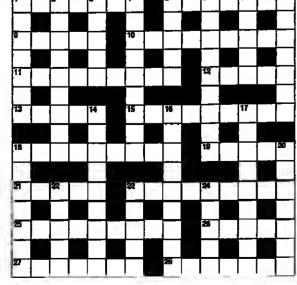
communicating with him. Irritability and poor control of movement do not damage a bahy's development directly. They do so by making the mother depressed. Murray's next step is to try to break this vicious circle. "Ws are trying to give intensive support to these mothers so that they do not become depressed," she says. ■ The author is professor of psychology at the University

of Nottingham.

### **CROSSWORD**

### No. 9,431 Set by CINEPHILE

A prize of a classic Pellian Souveran 800 fountain pen for the first correct solution opened and four runner-up prizes of Pelikan M200 fountain pens. Solutions by Wednesday July 30, marked Crossword 9,431 on the envelope, to the Financial Times, Number One South wark Bridge, London SEI 9HL. Solution on Saturday August 2. Please allow 28 days for delivery of prizes.



WINNERS 9,419: D. Riseley, Oxford; A.J. Brigden, Hull; N. Clare, Barrowford, Lancashire; S. Liddiard, Corfe Mullen, Dorset; J.G. Morgan, Peterhead, Aberdeenshire.



- 5 King with 5 lot of money from various sources (7)
  9 Waterway has power and other things (5)
  10 I wielded a gun in fury to measure a waterfall? (4.5)
  11 Conscientious objector: Judge bas habit to back family (9)
  12, 13 Mozart wrote a little nocture (5.5)
- nocturne (5,5) 15 Go out with last red, showing an experienced player (3,6)
- right to be on top of divi-
- 25 Long for pupil to bear fruit 26 Right angle to circumfer-
- ence (5) 27 Meeting for Rugby Union supporters in the country? 28 Sultan's food oot cooked at



ACROSS
1 Penaity for libel stating
"Mother's getting old" (7)
5 King with a lot of money
2 If in the home, included by chairman in policy docu-

face-like features.

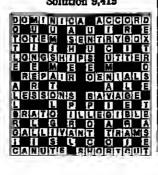
- ment (9)
  Red Sas endlessly rising
  below seabird, endlessly (5)
  A way to manage illness:
  get addicted at intervals
  (6,3)
  (6,7) 5 (For engineers) one-chain
- prison (5) 6 Newspaper raised a lot of money to give player con-trol (5,4) (3,6)
  18, 19, 21 On offer with Co-op: tree surgery, second done free? (3,3,3,5,2,3)
  23 Miners united to muse on suffering a loss (7)
  - 8 Protection for female later suffering a loss (7) surering a loss (7)

    14 Visit in cathedral pre-cincts? Very nearly! (5.4)

    16 Don't fancy aleeping with strange male in his clothes
  - (9) 17 Note to editor about issue: it was brilliant (9) 18 Experienced player, one heard to swear? (7) 20 Sort of ware for listener later (7)

22 I have little energy, worn

23 With frost likely to bite? (5) 24 King's drink turns up (5)



### BRIDGE

Three times world champion Mike Lawrence is currently visiting the UK on a lecture tour to bring his outstanding hridge texts to life. This defence problem stumped even the most experienced cinh players, yet the possession of two readily available facts would have cracked it.

♣ Q J 10 8 7 ▼ A K 8 + AKQ5 W ₹ Q654 ∳6 ♥ J10973 **↓ J984** 

North East South West NB NB 18 Dbl 3C 4H

Yon may feel that West should have passed out North's 1S, but leaving the opposition in one-level contracts is usually a losing position. Later in the auction, South, having passed, rightly values his five-card heart suit very highly after North's strong reopening dooble, justifying his contribution at the three-level.

West leads 35 which, as East, you win with A. The problem is what you should return at trick two? First. note your four trumps. This is a strong defensive feature. particularly if you can force declarer to ruff in his own hand, thereby shortening his own trump holding.

ture of declarer's hand. Partner's Q# lead marks South with K\$. As he passed North's 1S opening hid originally, he cannot also hold A. These two facts combine to make the winning play at trick two, Ke! This holds the trick, and a spade continuation forces South either to coocede a trick to West's A. which, together with your QV, sets the contract - or makes him ruff in hand. When you regain the lead with QV, you continue spades and now, when South ruffs, you will hold more trumps than he does, taking him out of control and short of tricks.

Switching to a low spade at trick two is not good eoough. Partner wins his A. but cannot force declarer to ruff more than once as your Ka wili be ruffed out if spades are led again.

### CHESS

Najdorf, the outside his pawn chain, and Argentine grandmaster who has died aged 87, was one of the best players of his time. who beat five world champions and won more than 50 tournaments. His outgoing and volnhle personality enlivened many world championship matches and olym-Second, try to form a pic-

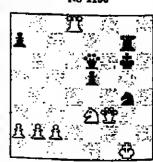
Miguel

Naidorf gave his name to a popular variation of the Sicilian Defence 1 e4 c5, while in 1946 he broke the record for hlindfold chess, taking on more than 40 opponents without sight of the

A few days before he died be was still running his insurance business and playing daily speed chess. This active longevity foilowing his hlindfold achievements challenges a conventional view. Blindfold chess used to he banned in the Soviet Union, and many consider it a health risk; yet George Koitanowski, who also held the record, is a journalist at 93 and gave complex biindfold displays aged nearly 90.

In his youth, Najdorf played the "Polisb Immortal", a near-unique case of sacrificing both hishops and both knights for an elegant Paul Mendelson | failed to place his cI bishop

then made a couple of careless knight moves, he was already lost - but it took some spectacular play to prove it (Glucksberg v Najdorf, Warsaw 1930). 1 d4 f5 2 c4 Nf6 3 Nc3 e6 4 Nf3 d5 5 e8?! c6 6 Bd3 Bd6 7 0-0 0-0 8 Ne2? Nbd7 9 Ng5? Bxh2+ 10 Kh1 Ng4 11 f4 Qe8 12 g3 Qh5 13 Kg2 Bg1! 14 Nxg1 Qh2+ 15 Kf3 e5! 16 dxe5 Ndxe5+ 17 fxe5 Nxe5+ 18 Kf4 Ng6+ 19 Kf3 f4! 20 exf4 Bg4+! 21 Kxg4 Ne5+! 22 fxe5 h5 mate. No 1190



Reti v Tartakover, New York 1924. Two grandmasters noted for their tactical skills met in this week's puzzle. Retl (White, to play) is a pawn up, and can wio s knight by 1 Nxg4 or 1 Qxg4+. Which is best?

Solution, Back Page Leonard Barden --:4

### PERSPECTIVES

**Hugh Dickinson** 

**美数数数** 5

4.0

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## Dispelling myths in the valley of addiction

New laws may appease public anxiety about the youth drug scene, but they should reflect the moral views of the young people involved

he young man was conversation with his invisible the addiction of their mothers. weaving his way friend. through the crowds of tourists, talking volubly to himself. Behind him heads turned; in front of him people edged away. He fetched up beside me on the edge of the pavement as I waited for the lights to change. But he didn't pause and stepped out straight in front of a cyclist. I granbed his anorak; the cyclist swerved out in front of the lorry behind him; the lorry braked and the bus behind the lorry hooted furi-

As it happened no one was hurt, but it had all the makings of a nasty accident. My unwilling captive seemed entirely unaware of his surroundings or of tha momentary chaos he had caused He struck out feebly at my arm

I've no idea what toxic subday but a month later be was found dead in a corner of a car million youngsters are believed park. In a small community, such tragic incidents feed the public anxiety about the youth drug scene. The strange thing is that there is much less anxiety about alcohol-related deaths than those resulting from hard drugs, and they make smaller headlines in the local paper.

There are so many myths and misunderstandings. Like doctors working in the accident units at the foot of the ski-slopes, those who work in drug centres and doctors' surgeries see the tragedies; hehind those individual cases there is a long entrail of fractured families, even of babies born drug-dependent because of

the young people in this country stance he had been using that have experimented with illegal drugs by the time they are 16. A to use Ecstasy every week. They just do not believe the warnings

> partly because the adult world does not practice what it preaches, and partly because over 90 per cent of them get only pleasurable highs. Out there on the sunny ski-slopes they are enjoying themselves without much thought about the risks. They make comparisons with other acceptable but still dangerous drugs. Far more people die of

smoking-related diseases than of

any other addictive drug; one in

11 heavy smokers dies of lung

cancer. Alcohol is destroying many more lives and more rela-

ger schizophrenia, or that far more tar is inhaled than from tobacco. After taking alcohol, reaction time is restored after 8 hours: it takes 24 hours after the adult world beams at them, cannable. Driving after taking E is more dangerous than with alcohol in the bloodstream. Nor do they realise that

amphatamines permanantly damage nerve terminals in the brain and leave permanent mood changes. They don't mention that even one dose is fatal for some people, nor that it is the weak and vulnerable people on the margins of society who are the main casualties of the drug world. They don't admit that there is a slida from the so-called soft to the hard; heroin creates chaotic personalities, cocaine is

tionships than cannabis. But quickly addictive and lethal. But the fact remains that half young people do not recognise They don't mention these the young people in this country that smoking cannabis can trig things because there are so many people in their experience who are using non-addictive drugs in moderation and without

> women dying agonisingly in the hospital wards. The moral dilemma is the criminalisation of a social activ-Ity which is regarded by a great swathe of the population as mnrally no worse than smoking or drinking. Among the 18-30 age group, driving after even one drink is widely regarded as morally reprahensible. They are shocked when the older genera-tion is casual or careless about

their drink-driving habits and by

the comparatively lenient sen-

tences handed down on convic-

any obvious ill-effects. They

don't see the casualties, just as

smokers don't see the men and

tion. They are not morally insen-

Of course, the possession or supply of drugs is a criminal offence. The law is aimed at a morally corrupt, dangerous and corrupting criminal network, Drug addiction and its supply is one of the major causes of crime and violence. Society must defend itself.

But among these young adults, getting amail aupplies of nnnaddictive drugs to give - not sell - to friends at a party is widely regarded as no different from taking along a bottle of wine. There are otherwise thoroughly admirable young men in prison in one case serving a senteoce of four years - because it was their turn to act host to their friends. They and their friends recognise that they have broken the law, but they feel that in this

case the law is an ass - inconsistent, unjust and stupid. And It is clearly not working as a deterrent. Nor is it stopping the crim-

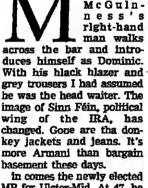
Of course the parents of those who have died, and the doctors and social workers coping with the tragic fractured lives at the buttom of the drug ski-slopes have a very different perspective. They live and work with the pain of addiction every day. They passionately want laws to limit the damage to and exploitation of vulnerable young people on the margins of society.

But laws which appear to be out of kilter with the moral sensibility of large sections of the younger generation may need revision or finer tuning If we are tn avnid further alienation and fragmentation of the social fab-

Lunch with the FT

## Sinn Féin's hard man with a soft face

Kieran Cooke finds Martin McGuinness hard to fathom - except when he talks about fishing



MP for Ulster-Mid. At 47, he is slightly stooped in the shoulder but is built like a retired rugby player. McGuinness, a tectotaller, orders an apple juice. Dominic has a lemonade. I join the party and order mineral

We slide into things gently. "Is it true you're a keen fisherman?" Lask.

"That's an understate ment," says McGuinness. He leans forward confidentially. "Do you know I have written an ode to the sea trout?" I say I'd like to see it.

We are sitting in the bar of the Trinity Hotel in Londonderry. A party of US tourists in bright colours passes the door. So too do two army Land Rovers, with soldiers and machine-guns poking out of the top. The threatening and the humdrum live side by slde in Northern Ireland. The tourists reach for their cameras.

For a time the conversation meanders around rivers and streams. McGuinness is worried about the growing problem of sea lice and the effect on the trout population. But the fishing talk is soon at an end. McGuinness is first and foremost a product of Northern Ireland's

in 1972, when he was only

"Troubles".

an IRA delegation that travelled to London for talks with the British government. He has associated with leading IRA members and shot dead by SAS soldiers in carried coffins at IRA funerals. in the early 1970s he was and I was there to cover tha jailed in the Irish Republic, story. convicted for being a member of the IRA. He has never heing lowarad into the been convicted of terrorist ground a loyalist terrorist offences in Northern Ireland. He is admired but also feared - described as a hard man with a soft face.

he was born and bred in the one knows him. There are

the football pools?

he poetry community

The image comes from Louis

MacNetce's poem Hold-up, and

passionately and convincingly

that there are: "There are

recently got itself into a

tizz over the question:

can there be bubbles in



Martin McGuinness: "I'm careful, not foolish, I can still go off trout fishing alone"

nods and handshakes. "Your face is familiar." McGuinness says to ma. 21, McGuinness was part of Indeed, we had met before. The last occasion was on a miserable March afternoon in 1988 at a cemetery in West Belfast. Three IRA terrorists Glbraltar were being buried

- As the first coffin was threw hand grenades and started shooting. Lying on the ground, I saw tha face of Gerry Adams a few feet McGuinness looks around: away, his glasses askew. feet, directing operations.

modern sense, in Spakespeare's

Shakespeare's language comes

from its physicality - "should

glisters through my rust". He

solder up the rift", "an unvarnished tale", "how he

the brains behind Sinn Féin. McGuinness has always had the reputation of a man of action - he is said to be regarded as good officer material by some in the Brit-

The food arrives. Dominic has ordered roast beef, McGuinness chicken casserole and I have tha fish. People in Northern Ireland are not known for a heathly diet. McGuinness upends the salt cellar on his chicken. The conversation becomes

He says the British government is now putting forward very different propos-McGuinness was up on his als on the peace process. "If it had done that 18 months Adams is considered to be ago then so many deaths

could have been avoided." from Canary Wharf to the murders last month by the

IRA of two RUC men. "You seem always hlame someone else for the murders and bombings," I say. "Don't you ever take

responsibility?" We are all part of the problem," saya McGuinness. "At least the IRA admitted responsibility for the deaths of those two policemen. It's something the British army and RUC never do."

So does that make it all right, I ask. People can be murdered but, as long as you admit it, everything is fine? I find my voice has risen. My fish is getting cold.

McGuinness is totally embarrassed. "I taught him He lists each recent incident, calm. "I'm not justifying to play the tin whistle when what happened to those we were in Crumlin Road policemen or other tragic jail together in 1976." events but you've got to understand the feelings of neglect and exclusion of the Bogside. Why has so

> levels of hurt and anger." McGuinness claims report-The deaths of the two policemen last month was met eyes twinkle. with a lot of media hysteria,

he says. A wafer-thin man comes up to shake the hand of the chief Sinn Féin negotiator. "This here is a player of the Uilleann pipea,"

McGuinness. The man looks

But I want to get back to

talking about the man from people in the nationalist little heen written about community. It's to dn with him? "The two greatest influ-

ences on my life have been ing of events in Northern the British Army and the RUC," says McGuinness. There is a slight smile. The I hring up the question of Fein. They voted for our

credibility. Who am I talking to? The IRA or Sinn Féin? Surely they are one and the same thing. McGuinness is unruffled.

he says. "I might never trust shoulder. Who is watching Ireland.

you. But we have to find a way forward. We bave to break the cycle. And I vehemently refute your allega-

the IRA and Sinn Féin are

interconnected. "I don't speak for the IRA. People try tn demonise away. Gerry Adams and me, to marginalise us. That's the road to nowhere and to more confrontation. Look at the election results. Look at how many people voted for Sinn analysia of what's happen-

ing. You can't turn them into second class citizens by denying them a voice." We have finished eating. I us? Is he concerned for his

"It's something I don't get up in the morning worrying about. I'm careful, not foolish. I can still go off trout fishing alone."

I ask if he ever regrets becoming so involved in events, "Sometimes 1 want to grab my fly rod and just go away but I'm a republican first and foremost. What motivates me now is that I can belp bring about a settle-

He talks of taking risks for peace. I wonder where the threats come from - the loyalists or his own side.

Is the reason be does not condemn the IRA that, if he did so, he would be killed by an IRA bullet in the morn-

There is a slight pause. "Ritualistic condemnations are pointless," be says, "I go beyond condemning by the work I'm doing. Look at the way the unionist politicians condemn the killing of nationalists. I can't believe they are sincere. Their condemnations are not worth tuppence to me or to most people in the nationalist

We have coffee. I say I can't understand what Sinn Féin and the IRA are about. To most people in both the north and south of Ireland the idea of unity is irrelevant. They just want to get on with their lives in peace. "The southerners don't want you. You are trouble." I ven-

McGuinness points to recent Sinn Féin election successes on both sides of the border. People in the south have shown their support. Even in Britain he finds many people agree with him. "What is going on has caught the world's imagination."

I say we must live on different planets. Most people 1 just wish Northern Ireland and its problems would go

The photographer arrives. Dominic tells me McGuinness hates photos. The wailress jokes with him. No doubt about it: the Sinn Fein man is a charmer. His answers are as practised as those of an nld-style pulitburo official.

But after two hours' conversation I can't say I feel "You might never trust me," look over McGuinness's the future of Northern

### Truth of the Matter

## Science is as golden as a daffodil

Until science is 'familiarised to men' it is of no use to the poet, argues Peter Forbes

the ensuing debate showed poetry to be split between the literalists, who flatly asserted rapprochement with science. the narrowly obvious (there are. no bubbles in the football Shakespeare was a scientific pools), and those such as the poet. Obviously that needs to be poet and reviewer, Sheenagh qualified by the admission that Pugh, who demonstrated there was no science, in the

But Shakespeare used the bubbles of hope, of unfounded knowledge available to him as a optimism, of transience, of I'm Forever Blowing Bubbles, of metaphor machine, taking bits of Champague Charile, of South lore and language from trades, matches of cosmology, and On the face of it, science linking them to the emotions supports the literalists. All and situations of his charmetaphors are strictly untrue: acters. The great power of science can have no truck with

such tenuous skeins of refer-But I would like to turn this commonsense notion on its head. It is when poetry is heing intensely metaphoric that it approaches some sort of

would have appropriated vast chunks of science had he been

alive today. But this physical gusto died with Shakespeare: a poetry of conventionally superficial description became the norm. Take the poem most often cited as the type of all poetry: "... A host of golden

daffedils. Beside the lake, beneath the Fluttering and dancing in the

Seeing a swathe of daffodils, a modern poet with some scientific curiosity and wonder might be struck by the massed radianca of the yellow and reflect that the wavelength of yellow light is the same throughout the universe, whether it comes from

the sun, another star, or a daffodil.

Then again, the poet might reflect on how the distinctive shape of the daffodil's corolla gives it its character. The 19th century poet and

priest Gerard Manley Hnpkins did fast that. He used the term "inscape to describe the character generated by the shapes of

natural things. He did not analyse the daffodil as far as I know but he did do the snowdrop: "They give one a fancy of pan-pipes or of some wind instrument with stops - a

trombone perhaps ..."
Wordsworth himself was aware of the possibility of a poetry that went beyond

ever come when what is now called science, thus familiarised to men, shall be ready to put on, as it were, a form of flesh and hlood, the Poet ... will welcome the Being thus produced, as a

dear and genuine inmate of the

househnld of man." Perhaps, with the recent upsurge of popular science writing, that time is coming. Because for a concept from science to be used in a poem lt must become "familiarised to

The process whereby heated iron first glows red, then yellow then white is almost universally recognised, and if a poet used it as a metaphor for an amotional quickening no one would find it difficult or inappropriate.

Similarly, the tunnel effect in quantum mechanics (in which a particle can surmount an energy barrier without technically having the energy to do so) might be a good analogy for the human spirit triumphing over

The problem is that it is not sufficiently widely known to resonate for most

One of my favourite concepts in science is Maxwell's Demon. James Clerk Maxwell, the 19th century physicist, invented this fictitious character who screened the whirling molecules whizzing back and forth at random in a gas, so that, contrary to experience, all the fast (hot) molecules ended up in one end of the container and all the slow

nnes (cold) in the other. Maxwell's Demon was a thought experiment that allowed Maxwell to visualise the behaviour of gas mole-

It could also be a useful metaphor for many human activities: the journalist John Ryle once boldly applied it to editing - letting the unknown but gifted particles through and barring the rest.

I have been tempted to use the Demon from time to time in the world of poetry but have been warned off - it is simply not known to anybody who has not studied physics or chemistry.

As I write, the word "gatekeeper" is in vogue in the very situations that might admit the Demon. Gatekeeper suggests the countryside, the 18th century.

We still have a lot of catching up to do before Wordsworth's prophecy is fulfilled.

■ Peter Forbes, o science graduate, is editor of Poetry

## Bridge is no help over troubled waters

Putting on a poker face, Paul Mendelson forgoes his normally genteel milieu for a smoke-filled room to try his hand at Seven-Card Stud

and sweat of a casino are nauseating at three in the morning. . .so wrote Ian Fleming at the beginning of Casino Royale. The same is true at ten at night in the Victoria Casino on the Edgware Road, and I seem to be responsible for most of it.

I'm sitting at a nonagonal table with eight impassive strangers, and a dwindling pile of chips that were once a reassuring wad of the FT's banknotes, wondering what the hell is going on. They've sent their mind-games man to study the differences between his own game, hridge, and poker, and he's finding out the hard way.

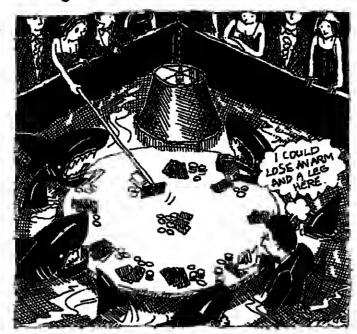
Even if you don't know that the players are tongh by reputation, you can tell just by looking at them through the haze in their conical pools of light. The women playing Kalooki are pale and thin-lipped, ruthlessly focused, rouged cheeks concave from concentrated inhalation of their

shaking cigarettes. The men playing Omaha, Hold 'Em and Seven-Card Stud may be public schoolboys straight in from the City, visiting Americans, rettred hus drivers, but they are all alike, face and hands sallow and nicotine-stained. But beneath the hnoded lids, their feigned unioterest, the low lamp-shades illnminate a glimmer in their brains minntely attuned to every onance, each tiny shift in the tempo of the betting, the tell-tale posture of the player staying in the pot.

Many bridge players leave the game for a time. They become disenchanted with the reliance on a fallible partner, and long to be masters of their own destiny. They turn to backgammon and to poker. Here, there is no one and nothing to hlame in the long term, because poker is just as much a game of skill as bridge. At both games, there are right and wrong ways to bid and play a hand, sets of odds to be remembered, and a psychology to be brought to bear.

The biggest difference is that hluff at bridge is merely disruptive, whereas at poker it can win you the pot. The talking too, is different. Coffee-housing making subtly misleading, or provocative, comments - is part of the cut and thrust at the poker table, but the worst form of gamesmanship at hridge.

For me, as I nervously accept my seat in the Seven-Card Stud game at the Victoria Club, none of this matters. I've never played club poker, and I'm daunted by the rituals and the speed of the game. I'm used to feeling confident in hridge rooms the world over, knowing that I can hold my own in any game. Bnt here I feel numb, that I'm abont to be bowled out as the amateur l am. I try a tight smile and a nod to my fellow players, hnt the cards are being dealt, and I am left to fumble for my ante. No pleasantries, no interaction with



a partner, no feeling of teamwork. I'm on my own with eight sharks, a fish out of water.

f know how my students feel now when they say they long for a bad hand when I'm watching. so that they can pass and the spotlight can fall on another soul. We're dealt three cards, the first two face down, the next np. Then, there's a round of betting. If you stay in, three more up-cards follow, each with a round of betting, and finally tha seventh card, down, and one final round of betting until the showdown, or the resignation,

and the open arms of the winner as he drags the chips towards him. The first hand is, miraculously, hopeless, and f fold gratefully.

I can remember all 52 cards at bridge, hand after hand. Here, I'm having difficulty keeping track of the three or four up-cards before people fold on the first round. And the deal is edging my way. I've dealt enough decks of cards in my tima not to be fazed by the prospect of dealing. . . surely? But my confidence level is zero, and the moisture has drained out of

my mouth and seems to be coming out of my hands. The slick plastic cards stick to the tips of my fingers as I push them

around the table. Later, f make a terrible dealing error, and I'm surprised to find that after groans and rolled eyes, everyone comes to my rescue, and the mess is sorted out without further recriminations. So, maybe, I'm discovering the same bonds at the poker table as at bridge. We players love our game, nothing

I won my first pot after an bour of sweaty play - a paltry £40 - courtesy of a pair of queens showing and a modest raise. My confidence doubled and my seart-rate halved on gathering in the chips. But now, two hours have passed and I'm down to half my stake - 100 of my pounds having been distributed fairly equally around the table.

on the matter in hand, even if I realise that it is without all the information I really need. And I know that I'm not falling for the nervous amateur move of betting just to see everyone's cards. I'm playing tight, coming in reasonably unpredictably on just a few hands, and that is right. In the back of my mind though, I know that I'm not reporting in with a small loss. I'm coming back in profit or having lost the

At least my brain is working

lot. I'm going for the big one, ... Half an bour later, it comes. The ante is a deceptively small 50 pence. I'm dealt King of Hearts (Kh0, 3h, and 4h.

Everyone follows to the £1 bet, eventually - the guy on my left is a squeezer - he pulls his hole cards to the edge of the table, and swoops them up to his chest. Then he peers down at the top card, and squeezes the cards together until, finally, the value of the second card shows behind.

My next card is 5c. Three players fold, no one seems to have anything abowing, but there's a £5 bet. I've got the chance of a flush, a straight, or some number of kings, so f'm ataying in. I'm dealt 2d. Three more fold, there's three of us left. The tough young guy to my right looks at his hidden cards again, puts them down, takes a drag on his cigarette, pulls his cards up at their edges to squint another time. Then he bets £15. I reckon he's on a high pair,

and I've got two more cards to fill my open-ended straight, and I haven't seen an ace or six yet. Squeezer on my left stays in, too. My last up-card is Ks, and although it seems nice, it's not what I wanted. The guy on my right, still with no aces showing, bets £25 and, trying to look as reluctant as I've been throughout the evening, I follow.

My mind still can't compute the odds of my atraight, but I'm pretty certain that I've won the hand if f make it. I may have won the hand anyway with my two kings, unless one of these guys has two aces hidden. The guy on my left folds, so it's two of us. The last card comes towards me, and I remember the excitement from the games at

school and at home and, dare I

say it, at work. I bare a strong feeling that it's going to he an ace or a six, and then I'll go all in, and if something happens that f haven't even considered, at least it'll make a story. Bnt it isn't an ace, and it isn't a six. It's another king.

Looking at my opponents' cards, f realise that only three hidden aces will beat me. Now. what do f bet? A real poker player - not just a refugee from the genteel world of bridge could tell me. f try the same £25 he tried on me last time. The guy on my right closes his eyes. I should want him to raise, with every sinew of my body I should want him to raise, hut I'm secretly hoping he's not even going to call me, so I don't have to show my hand, my fluked three of a kind when I was

playing for a straight. There's £150 on the table, and I tempt fate by imagining pulling it in towards me. The man sighs, chncks his cards into the middle and shakes his head. He murmurs something as I gather in the pot. Whatever it is, it isn't well played.

I leave, later, with £50 profit, reflecting that maybe I knew more than I was letting on. . .bnt, and it is a big but, far less than I need to survive in that game. The old poker saying came to mind: If you can't spot the mug at your table in half an hour, it's you. The good naws was that I had spotted him. The bad news was it was still me. . .

rive to Newmarket. north east of London, and you enter a town that for oearly three centuries has been bome to many of the finest raceborses ever produced. Eveo today, some worldclass raceborses live in Newmarket - togetber, it should be added, with thousands of fakes.

They are not really fakes; that is an exaggeratioo. But for every champion raceborse there are bundreds - more - whose talent and value are mainly an illusion. They are oot counterfeits, exactly. More accurately, they are replica raceborses: inferior copies of the perfect article.

I was thinking about fakes, replicas, copies and imitations when 1 reached Newmarket the other day. If you take the road straight ahead at the Newmarket clock tower you will pass, on the left, the entrance to an equine cloister known as Stanley House Stable.

rbe vard's most celebrated resident, born in America, is the current English Derby champion, razor and died in the gutter. Benny The Dip, a dark-coloured thoroughbred worth several million. I and my assistant, Paul Willson, are fond of Benny; we

backed him in the Derby at 11-1. However, at the clock tower l turned right - east - towards the murder may have had a different nearby village of Stetchworth where I found the woman I was seeking. Patricia Hussington. She is an expert on fakes - not replica raceborses but fake works of art, which for more than three bope) unchallenged expenses. millennia have defined the depths of human deceit.

My name is Jane Astor, I was born in England hut grew up in America where, after college, I trained as a corporate investigator at Kroll Associates in Florida. Now I live in London where I work as a private detective - for one client at a time and only four days a week. This is my contribution to changing patterns of work as we prepare ourselves for the assumption of labour by robots.

My client at present is Elizabeth Mallalieu, a rich and beautiful woman whose husband, Robert, a gold market specialist, was murdered in London's Little Venice on May 9: a victim, so the police believe. of the epidemic of "Rolex raids" that have been making the news

Rolex raids are street muggings in which watches, jewellery and gate Robert Mallalieu's death, cash are grabbed from wealtbyfooking individuals. Yet by London standards, this was an unusually savage robbery. Robert and businessman, Dmitri Zhuruv-Mallalieu, whose watch was sto- sky. By all accounts, Mallalieu

### FAKE, by Michael Thompson-Noel: Chapter 5

Robert Mallalieu, a gold market specialist, has been murdered in London. His throat was cut.

His widow, the beautiful Elizabeth Mallalieu, isn't satisfied with the progress of the police inquiry, so she has hired a private investigator.

Mallalieu's clients included a Russian businessman, Dmitri Zhuruvsky, who may have been laundering money via the London gold market. But gold was not the only link between the two men. They also shared a passion for fake works of art.

The investigator, Jane Astor, has treated Zhuruvsky as her No.1 target. This has angered the Russian, who plans to fly to Britain to confront her.

Astor's assistant is an eccentric 20-year-old who listens to trance music. The investigator herself drives a flamingo-coloured car as a salute to post-feminism.

As this odd couple delve deeper, they enter a world where nothing is what it seems . .

I am not going over the same ground as the police inquiry, which is treating his death as a fatal robbery. Instead. at Elizabeth Mallalieu's bebest, l am examining the possibility that his cause. What that could be, she does not know. But then, if Elizabeth knew the answer she would not be paying me £1,050 plus VAT per 24-hour week, plus (I

l found Patricia Hussington in a picture-book cottage surrounded hy flower heds: very English, over-tasteful. She was in her early 50s and said she lived alone, except for two dalmatians that were careering around the garden. "Giddy, silly dogs," she muttered, as we entered the cot-

Patricia Hussington is both a professor and an aristocrat, so to address her formally you would call ber Professor Lady Patricia Hussington. She told me to call her Patricla. I had been given her name by the British Museum. which told me she was one of their consultants on matters of authenticity - especially all forms of fakery, and methods of

I had told her on the phone that I had been hired to investiand that I wanted to hear what sbe knew about Mallalieu's relationship with a Russian lawyer len, was killed with a cut-throat had managed Zhuruvsky's \$100m

investment in the Loodon gold market - an investment that has shrunk in value because of the dolorous gold price.

in addition. I had discovered that the two men were up to their necks in the market in art fakes. Both collected them, and both had given money to underwrite exhibitions of fakes. Why they had dooe this was a

mystery to me, but I was sure Patricia Hussington knew the reason: she had organised and curated the exhibitions concerned. She had known both men well, and had told me on the Dhone she had been shocked to hear of Mallalieu's brutal mur-

'That's right," sbe said, when we were in the sitting room. "I liked them both. They were chalk and cheese. Robert was urbane: Dmitri is ... not. Dmitri is a rough diamond, but reasonably clever - cleverer than Robert, 1 tended to think."

l asked her how Mallalieu and Zhuruvsky had got involved in fakes. She rubbed her jaw, then "Have one," she said, waving

the cigar box. I laughed: she was wonderful. "No thank you," I replied. I lit a

"Let me take you back for a moment." she said, "to 1990. when, as you know, the British Museum staged a successful exhihition of fakes, which got the ball rolling. There was a most authoritative catalogue."

I told her I had read it. She nodded. Then she said: "It was that exhibition that put fakes on the map - established

tion was staged in Gent, which is where Robert and Dmitri met. They were fascinated by fakes; they had loaned items to the organisers. Subsequently, 1 prevailed on them to help financially with exhibitions in Bordeaux, Lisbon and Brussels. They were rich collectors - happy to

ohlige "But what were they up to?" I asked. "It's a strange business, collecting fakes. Or isn't lt? What is the attraction? Are some fakes valuable? Were they stirring up the market in the hope of financial gain? How much are fakes

Patricia Hussington drew on her cigar. To charm her, I hlew a perfact smoke-ring; it hovered quietly for a while before disappearing towards the kitchen. "So many questions," she said.

"Let me give you some context. Fakes are booming, in every sense. When I was young, we used our eyes and our scholarship to detect fakes. Now, it's more complicated. Scholarship is still crucial in deciding what is authentic and what spurious, but art detection has become fully scientific. There have been so many advances. As a result, works of art and antiquity are being increasingly - and coldly scrutinised. The authenticity of virtually all major collections around the world is being investi-

She paused to relight her cigar. "At the same time," she continued, "David Lowenthal, a friend of mine, has observed that time-

their respectability as an area of originals to replicas or fakes are ably has - I'll stay in dollars, study. in 1992 a smaller exhibi- starting to erode. Today, many otherwise I get a headache mass-produced objects can be identified as such only by scientific analysis. To the naked eye, they are as good as originals whatever that means. As a consequence, some people are starting to question the very concept of faking. What is real? What is

> "Were Mallalieu and Zhuruvsky stirring up the fake market?" "Of course they were. They

false? What do those words

were collector-investors: a phrase that comes from the legitimate art market, where it is utterly respectable. Dmitri and Robert hoped to turn a profit; nothing unusual in that.' "Did they specialise?" Certainly. You have to. Lat-

terly, Dmitri has collected mainly

Russian fakes: enamelware

very pretty - silver serving pieces, porcelain, maps and Faberge. "Fake Fabergé? "Of course. Fakefah, as we call it, is common and very cheap. Why, you could huy a pair of genuine Faberge cuff links for \$2,000 to \$4,000, depending on

quality and period - \$250 to \$500. "And Mallalieu?" l asked. "Generally, Robert collected fake English and continental 18th and 19th century paintings, drawings and furniture. He had some good stuff. His wife has a number of the best pieces in ber house in \$300,000 worth of notable fakes in her bouse. They belonged to Robert. He stored them there.' Were Malialleu and Zhuruv-

sky good friends?" I think so.

Yet, in London, it is thought that Mallalieu encouraged Zhuruysky to invest in the gold market. His advice has been poor. Zhuruvsky ls losing more than

"About that, I would not

"Did you ever witness friction between them?" I asked. No. The only friction I recall involved Dmitri and me, not Robert. It was three years ago. I was preparing the exhibition in Bordeaux. There was a crate of objects from Moscow, addressed to Dmitri, care of me. So I opened it. When he arrived, Dmitri was Inceused. The manifest atated

that the crate's contents were fake artworks. Among them was a pair of what, purportedly, were fake porcelain palace vases: replicas of vases from tha Imperial Porcelain Manufactory in St Petersburg - period of Alexander II, mid-19th century." materials. A Fakefah version of Why was Zhuruvsky angry?" the same thing, depending on

"He said I should not have opened the crate. It was addressed to him. It was his prop-"His fakes?"

Patricia shook her head. "Not at all. I know quite a lot about the St Petersburg manufactory, as it bappens. Strange what you pick up in life. That pair of vases London Some are pretty valu- was not only genuine but honoured reasons for preferring able. At a guess, Elizabeth probimmensely fine in quality. 1

remember them well. They were blue ovold vases painted with col-ourful birds and butterflies. Each vase had ormolu handles chased with sprays of flowers. They were exquisite - and valuable.

"How much?" I blew an imperfect smoke ring.

"At least \$125,000 the pair if auctioned today. Had they been fakes, their value would not have exceeded \$2,000. Dmitri claimed there had been a mix-up. He said the vases were nothing to do with the exhibition. I never saw them again. He cooled down eventually; even took me to dinner. He behaved like a gentleman; didn't make a pass. I was relatively disappointed." I whistled. I had found Zhuruv-

sky out.

f live near Marble Arch. When I got home my assistant, Paul Willsoo, was working at his screen. I don't want him to become a geek.

First he gave me an envelope. It was from Elizabeth Mallalieu. There was a handwritten note. plus a cheque for £4,200: payment for four weeks' work. To be paid so promptly by a client is so unusual that I found it baffling.

Next. Paul showed me a fax from Dmitri Zhuruvsky, stating that he - Zhuruvsky - would meet me at Culloden Moor, near Inverness, in five days' time. I had been planning to go to Moscow, to confront Zhuruvsky. 1 would have taken Paul: he had been looking forward to It greatly. Instead, mysteriously, Zhuruvsky had declared he would meet me in Scotland.

I would still take Paul, I told him to ring Air UK and book tickets to Edinburgh, plus a hire

Later, Paul and I went out, I bad apent all day wrestling with fakes and fakery, and with the twists of the Mallalieu case. I wanted some relief.

"Paul," I said. "I've had enough fakes for now. We're going to see a trashy film at the Odeon, Marble Arch." The Odeon, Marble Arch, shows practically nothing else. Sequels, remakes, knock-offs

> ... TO BE CONTINUED

Chapter Six of FAKE will unfold in next Saturday's FT Weekend

All of the main characters are fictinous

FT Weekend Competitions

n week five of our eight-week summer series of sporting challenges - with prizes for the wittiest and most original. entries - we are able to solve motor racing a big problem and

then turn our attention to got? Last weekend's British Grand Prix proved our point that something must be done to encourage overlaking in Formula One racing. Success came to survivors, Brose who field avoided engine failure, a broken axie or a punctured tyre.

Weekend FT readers have the ariswers if the sport's organisers have the courage to implement them. Many suggested the introduction of obstacles - what one entrant described led in a as hazards locale. These might include petrol tankers, Mil of the control tankers, Mil taxis and a Volvo towing a large caravan. Another reader proposed what could be described as a hezard grande by half the field in a clockwise direction and the other half on and anti-clockwise course. Ibsen again figured in the answers, with one reader suggesting that the last placed driver should copy out

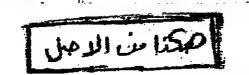
● Women should drive the four fastest cars - men will anything to overtake (Barbara Mockford, Oxted, UK). ■ Line the drivers up on the starting grid and make them run the

warm-up" lap in full racing overalls and helinet (horse Crabb. Besconsfield, UK). Allow spectators to dial an electronic code that, for a certain sum, would lower e particular driver's speed for a set period. The money would go to charity (Rex Breach, Ferndown, UR) Put a double white line down the middle of the track

all have a go then (Ron Howard, Marlborough, UK), Create a divided track, forcing drivers to choose one another (Stewart Vaughen, Paris). Paint a bus-lane, zebra crossings and school warning the track - it certainly works in north London (Chris Robinson) Wetham Green, UK).

The week's competition is open to FT readers aged 18 years and the Employee must be submitted to one of the above addresses by the date. The winning entries, as satisfied by a Weekend FT paner, will be published in the FT on Satisfay Juny 26. The of the judges to final and no correspond





lexander the Great's



## Alexander's imperial road to greatness

A brillian new study of the Greek warrior exposes true gifts, finds A.C. Grayling

favourite line from his favourite book, Homer's Iliad, is about one who is "both a good king and a mighty warrior". He aspired to be that; but be aspired to far more besides. His father, Philip II, King of Macedon, had done Most of his adult life was Athes while razing Thebes much to carry forward the given to war, at the age of 16 - see for Pindar's bouse, aim of all Greeks that they he successfully commanded and temples. Persia, but it was the extraordinary combination tribes, and a year later led and ighly disciplined forces or imagination and practical the charge against the int Asia. He went to congenius that drove Alexander Sacred Band of Chaeronea. out not merely to punish beyond that aim to a dream of worldwide empire.

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his endeavour is brilliantly and captain-general of all portrayed in this account by the Greeks. Before he could Nicholas Hammond, Emerilaunch himself against Pertus Professor of Greek at ala be had to assert his Bristol University, who must authority in Greece itself, know more about Alexander which essayed some unrulithan anyone else living.

might unite and overthrow the Macedonian forces in quashing a rebellion of hill

When his father was assassinated in 336, he was The detail and character of acclaimed king by the army, napn carried him victoriness. He did it by the carrot Alexander's life was short; and stick method employed

Inhe spring of 334, Alexand crossed with his large an plunder. His military getts and ardent determiou into the western margis of India and the sothern margins of Central Az. He left Macedonian gernors and, where neces-sy, freshly founded Greeksie city-states in his wake. Halso made allies of local

satraps.

THE GENIUS OF ALEXANDER THE GREAT by Nicholas Hammond

of Greek ways and culture were far-reaching. Everyone

Duckworth £35, 220 pages knows of Ptolemaic Egypt and the importance of Egyp-

ing centuries; few know that

tian Alexandria in succeed-

sand walled cities" and flour-The effects of this planting ishing commerce. Alexander's conquests were like the bursting of a heavy seed-pod over the centre of the world.

صكنا من الاجل

Among Alexander's gifts was great personal courage. He was wounded in combat several times, and suffered the diseases and privations of long campaigns in inhostreated some of his vanquished enemies - and their courtesy. But he also comwhen, two centuries after

be lived a mere 33 years in agus conquests, in this peoples when possible, and here invaled a thoubetween 356BC and 323BC. case assistantially appointed their rulers as his Sogdia, they found "a thoubetween 356BC and 323BC. case assistantially appointed their rulers as his Sogdia, they found "a thoubetween 356BC and 323BC. case assistantially appointed their rulers as his Sogdia, they found "a thoubetween 356BC and 323BC. case assistantially appointed their rulers as his sogdia, they found "a thoubetween 356BC and 323BC. case assistantially appointed their rulers as his sogdia, they found "a thoubetween 356BC and 323BC. case assistantially appointed their rulers as his sogdia, they found "a thoubetween 356BC and 323BC. case assistantially appointed their rulers as his sogdia, they found "a thoubetween 356BC and 323BC. case assistantially appointed their rulers as his sogdia, they found "a thoubetween 356BC and 323BC. case assistantially appointed their rulers as his sogdia, they found "a thoubetween 356BC and 323BC. case assistantially appointed their rulers as his sogdia, they found "a thoubetween 356BC and 323BC. case assistantially appointed their rulers as his sogdia, they found as black and the sound appointed the property appointed the pro

ander, the borrid treatment of a rebel called Bessus is der defeated Bessus's insurwas bound naked in a wooden collar and scourged; then his nose and ear-lobes pltable territories. He were sliced off, and he was killed. There were critics of this inhumanity among families - with legeodary Alexander's earliest historians, including Arrian. But mitted frightful atrocities, as Hammond leaps to the in the massacre of the Bran- defence; it was Alexander's Alexander's death, the Chi- chidae, in which he emu- policy, he points out, to have

regarded as blasphemers of their own customs. Bessus was therefore sent back to Echatana to be treated In most accounts of Alexaccording to Persian ways.

Hammond's earlier book remembered. When Alexan- on Alexander was a scholarly treatment of the comrection, the rebel himself peting sources - Plutarch. Arrian, Strabo and others in which he invited readers to share the task of evaluating their reliability. Here he cities wherever he saw gives his own definitive view of Alexander and his doings. It is a compelling read, not least in the accounts of Alexander's battles.

Hammond allows himself confident judgments, some

of which will galvanise debate. For example: the philosopher Aristotle was one of Alexander's tutors for a while, and it has loog been held that his influence over be lived a mere 32 years in alhis conquests, in this peoples when possible, and nese invaded Bactria and lated his father's drowning offenders punished by their that indeed the philosopher Alexander was minimal, and career. Evidence offered for this view is that Aristotle regarded the Greek-style city-state as the perfect form of community, and oust therefore have bitterly opposed Alexander's imperial dreams, But as Hammood shows. Alexander in fact agreed with Aristotle.

## Master of myths and homegrown fantasies

Nigel Andrews on how Fritz Larg came to be defeated by Hollywold

formed, from a Georg Grosz sketchpad. The gleaming monocle, the mad genius stare, the Prussian hauteur. He could have been a poster boy for the pride, passion and defiance of betweenwars Berlin. Yet this was the directors with the state of tor who, after bestriding German cinema with Metropolis, Dr Mabuse and M, came to Hollywood to be slowly, poignantly defeated.

It was all Adolf Hitler's fault. We credibility. know the story: Lang fled the country the very day be was asked by Goebbels to take charge of the Nazi film Industry. He sweated through the Interview, went home to pack a sponge bag, caught the night train to Paris.

At least he would have done in a Lang film: a Hollywood Lang film. The most enthralling section of Patrick McGilligan's well-researched blography is the dismemberment of this legend, one endlessly recited by Lang, and the substitution of a humbler reality. The filmmaker may never have had that meeting with Goebbels. whose diaries did not record it, and be spent months, we learn, making the final break with Germany. The propaganda minister'a only significant mention of the director is a diary note made after seeing M: "Fantastic! Against humanitarian soppiness. For the death penalty. Well made. Lang will be nur director one day." (With praise like

If Lang fiddled the truth, we are getting used to this in film biographies. Masters of screen fiction take their work home with them: they be to the world. Since Lang spent his whole early life resist-ing reality, from a childhood at the mercy of creed-conflicted parents (Jewish mother, Catholic father) to the building of his sensational movie myths about Germany, tha obligations of truth must bave seemed a kind of

As well as filming the Nibelum saga at bank-breaking cost, his Metropolis was the most fantastical and influential sci-fi brainstorm in history. (Cross the street today and see its latest scion, The Fifth Eement.) And even Lang's truth-based murder story M - pace colleagues. the actual shortest combination of film title and director's name was larger than fact, with its poetic wrappings of shadow and schaden-

Lang got plenty of dull reality soon enough in America. Hollywood held these truths to be preeminent: a director must turn out linear, comprehensible stories that

rnesto Spinelli is:

TO BE

ook at early pictures of make money, he est direct the filmmaker Fritz Lang occasional western ven if he was and you would swear he born in Vienna testern Union, bad fallen, almost fully Rancho Notorious and he must be

ery of his Jeth blood, and he temporised wit Hollywood's leftwingers only rough peer pressure and to cablish anti-Hitler

Despite a relativing record in the first wid war. Lang was a coward in dai life like most of us. He had to prect a career that was going downly fast and might have gone faster. I slid from Siegfried to The Resn of Frank James, from Metropis to The Ministry Of

FRITZ LNG: THE NATURE OTHE BEAST by Parick McGilligan £20, 535 page

Fear, detted by the very Graham Greene bo had raved about Lang'a est and only American masterpee, Fury.

Fritz ang had to be "Fritz Lang" tyrant, bero, Nazi-hater, genius to keep any firm footing in Tinselwo at all. Even then, he never ound finance for his own script choc-a-bloc with fantasy. parama and retro romanticism. He ist took what came along will polishing those sustaining, surrate legends about himself. A reat liar frustrates posterity

a ell as fooling his contempoaris. Did Lang kill his first wife, nyleriously slain or self-slain afte she discovered him in another woan's arms? McGilligan can on weigh the indecisive evidence. Di he leave all, some or none of biswealth in Germany? Again the awhor pokes in the dark. Despite ling like a relative lord in Califolia, Lang's compulsion to keep chuning out films that even he hted suggests a measure of ress, at least in the deep doldm years of Human Desire and yond A Reasonable Doubt.

Good hiographies, though, do not al in certitudes. No one knows last word about a life except liver. The task of biography is define and wittly map the chiarcuro, and for every dark area Gilligan finds one to shine new tht on: notably the long relationin with Lily Latte (part mistress, ort companion, part vulture) and e amazing parallel story of Thea

Lang's German screenwriter, colborator and second wife stayed in



met humiliation after the war as last notable movie feat was as an an Allies-appointed "rubble collec- actor, playing himself, complete tor", meted humiliation of her own to Lang by licensing the Hollywood remake of M (disastrous) and finally enjoyed a little worship hy cinephiles herself. She died after a hip operation caused by a fall, bred filly. Not surprisingly - since which took place as she was leaving a Berlin Film Festival screening of one of her and Lang's greatest films, Der Mude Tod. Hers was bardly a "weary

with eye patch and snappish patrician epigrams, in Godard's Le Mépris. Starring opposite Brigitte Bardot, he looked like an old dinosaur blind-dated with a thoroughonly accident, not destiny, could have given him such an absurd swansong - the man who had made all those films about Fate, who had virtually raised it to his his rival Hitchcock's glib moniker as "Master of Suspense") ended by

saying that he no longer believed

in it at all. "Everyone makes fate for himself...There is no mysterious something, no God who puts the fate on you. It is you who makes the fate yourself." Lang had completed the long journey from the certainties of greatness to the humble, and bumbling, confusions of common humanity.

The first is Alfred Yule, an ageing literary man embittered by his basty marriage

opportunity. Hammond admires Alexander, and this is a sympathetic biography. But it is a very good ooe, and brings an important epoch into bril-liant focus. Rereadings / Anthony Quinn An ode to life

tried to earn a living by the pen. But no novel has dra-Street (1891). The getting of money was always s subject Edith Underwood, and this close to this writer's beart. was to prove disastrous. As D.J. Taylor points out in an excellent introduction to a new Everyman edition of the novel (pbk £6.991, the Biffen, an impoverished spiritual and financial emergencies of its central character, Edwin Reardon, offer nlficeotly hopeless novel striking parallels with Gissing's own.

effects of poverty. A promis- of "singular dignity". ing academic career bad been curtailed when he was imprisoned for theft; be had stolen money to help out a admiration of Amy one sees young prostitute, Helen Har- his basic innoceoce and rison, whom be later married. His novel-writing during the 1880s was prolific but unremunerative, partly due to his pessimistic tooe. partly to the stinginess of his publishers. By the autumn of 1890 be bad hit rock-bottom; lonely and impecunious, be wrote to his calmly that I abandon all hope of the best thing life bas to offer". Yet somebow be managed within two months to distil all his hitterness and frustration into a book he called New Grub Street, a tale of love and money set among the shabby

genteel of literary London. The oovel traces a simultaneous rise and fall. Reardon is a novelist who has lost all confidence in his work vet clings to the love of his wife Amy, an ambitious, middleclass girl grieved by ber busband's belplessness. "Art must be practised as a trade," she tells him, a sentiment echoed by their friend Jasper Milvain, an enterprising young litterateur. Jasper's cheerfully cynical approach to the business of literature is contrasted with Reardon's nervous and faltering integrity, and as the former gets his name about in influential salons, the latter declines into penury and despair.

Reardon's undoing is complete when he parts with Amy and removes himself to lodgings in a sorry, shahby district of north London.

Gissing's portrait of the literary scene, rife with petty iealousies and imagined slights, finds many a resonance in our own decade. Reardon is in some ways the spiritual ancestor of Richard Tull, the failing drudge of Martin Amis's The Information.) Yet it is more astonishing to see bow mucb of Gissing's own life Is reflected in the novel, not only through Reardon and Milvain but in twn minor characters whose separate fates the novellat perbaps dreaded above all others.

to a gentle but uneducated beartbreaking tenderness, wife, whose lowly origins he too.

by the pen obert Benchley's believes have disqualified quip about the him from society. Gissing is freelance writer very clear-sighted about this freelance writer very cueur-signed about the being one who is divide, and often confessed paid "per word or per line or in letters the impossibility of perbaps" will provoke a supporting a middle-class smile - or scowl - of recog- wife - "there is no real hope nition from anyone who has of my ever marrying anyone of a better kind". This grotesque fatalism reached fulmatised its real misery more filment in February 1891: acutely or affectingly than while New Grub Street was George Gissing's New Grub in production, be married another working-class girl.

The other character whose significance has been somewbat overlooked is Harold friend of Reardoo's wbo is writing a realistic and magcalled "Mr Bailey, Grocer". Gissing draws him very care-Gissing (1857-1903) knew fully, revealing beneath his too well the degrading lean and hungry look a man

> Unlike Reardon, Biffeo is irrepressibly cheerful in adversity, and in his chaste goodness: "A woman's love



was to him the unattainable ldeal; already 35 years old, he had no prospect of ever being rich enough to assure himself a daily dinner; marriage was wildly out of the

Biffen also turns out to be eerily clairvoyant when be talks to Reardon about "the fateful power of trivial incidents", and the man "who lost the most valuable opportunity of his life because he badn't a clean shirt to put on". When Amy shrinks from Reardon's shabby appearance on the day no their supposed rapprochement, the reader learns with a shock that she was prepared to take him back bad he worn a presentable suit of

In his singleminded devo-tion to an ideal, and in the acceptance of his eventual fate. Biffen becomes the inadvertent hero of the novel: he is the man who puts selfsacrifice over compromise. and perhaps represented to Gissing the final release from the unavoidable servitude to money and marriage. For all his pessimism Gissing is remarkable for the generosily be extends to-Jasper, who after all has aupported his two sisters and at the end writes a moving tribute to Reardon's novels. It is that imaginative sympathy which sets New Grub Street apart. "There are savage truths in it," as be wrote to bis brother - but

#### described as an existential psychotherspist who maintains a private practice in southmethod by presenting eight cases as he remembers them,

confidentiality. What is "existential psycbotherapy" as compared with psychoanalysis or any of the other myriad varieties of therapy at present on offer? Whereas Freud was chiefly preoccupied with the

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### lnowing me, knowing you

east London. In this book, he influce of early childhood demonstrates his therapeutic uposubsequent developmen Spinalli's main concers with bow his clients curatly view themselves in being careful to preservs theresent. Ha writes: "The pasas we remember it, has lit to do with cause or demining factors that ha in some way made, or intenced, us as we are toy. Rather, the remembid past provides us with means to maintain, or date, who we are today to give focus and directo who we might wish become at some future

int in time." Spinelli assumes that life necessarily uncertain; and festyles which aim to ing and clarifying the cli-

TALES OF UN-KNOWING: THERAPEUTIC **ENCOUNTERS FROM** AN EXISTENTIAL VIEWPOINT by Ernesto Spinelli

Duckworth £14.95, 211 pages

is inseparable from our relathe world. Most of us do not acknowledges that his cliquestion the particular way "being-in-the-world" which we have adopted because we remain unaware of it until some form of distress reveals its inadequacy. Existential therapy is pri-

aspirations that define who we believe ourselves to be." amine his own beliefs and assumptions. One of the rewards of practising psypeople with very different assumptions and lifestyles tions with other persons and from one's own. Spinelli

unusually bonest about the effects which some of his clients have had upon him. This is what he means by at people adopt different marily concerned with defin- title. The best therapists injected with mescaline). don't know the answers but, timinish the anxiety which ent's "self-construct". "The by clarifying present atti- perception of people led to

own attitudes, and he is

self-construct expresses the tudes, help the client to see beliefs, attitudes, values and that such attitudes can be modified, and that new answers to the problems of Spinelli is willing to re-ex- life can be forthcoming. Jung once defined his own therapeutic aim as getting the client to experiment with chotherapy is that ooe gets his own nature. I feel sure to know, rather intimately, that Spinelli would concur with this approach.

The most interesting of the cases discussed is that of become chaotic. a man conventionally ents make him question his labelled "schizophrenic" who suddenly developed the conviction that he could see beyond social masks and perceive people as they really ware (I myself had the "Un-Knowing" of his this experience after being therapist who can be

Unfortunately, this new

the subject doubting the reality of his own identity and that of other people, to the point where life appeared to become meaningless. He became convinced that there was a plot to rob him of his new-found perception of the truth. As Spinelli rightly affirms. when delusional ideas provide a disturbed individual with a new certainty, they are fiercely protected because certainty, like religious faitb, is precious to someone wbose world has

) found this a challenging. intriguing book. Spinelli writes clearly and provides insights into the buman coodition not easily found elsewhere. His modesty inclines me to believe that he is a

Anthony Storr

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## A crusader for self-delusion

Justin Wintle sifts through the prolific career of Jack London and finds the master of the blun

Kazin said of his compatriot Jeck London thet he was his period's greatest crusader and most unashamed back. The epithets might easily be transposed. As a spokesman of turn-of-thecentury socialism, London was as undaunted in proclaiming his opinions as he was sometimes misguided in them. As a writer who regularly hoasted that he only wrote to finance his other interests, he was surely the greatest hack not just of his own, but any age.

London's output was prodigious. As Alex Kershaw reminds us, in a career that spanned just 18 years he produced 20 novels, 200 short stories and over 400 items of non-fiction, ranging from newspaper articles to booklength essays. Day in, day out London rose early and wrote e minimum 1,000 words - the one abiding discipline in his life. What makes him shine in the firmament, however, is the undisputed quality of his real diamonds - The Call of best work, its sheer hard-

dross, so much in fact that no one in their right mind would contemplate publish-



Lasting value: Jack London, the greatest back?

Sea Wolf, or The People of There was a great deal of the Abyss. Indeed, with the exception of Henry James, in an existence foreshortened by alcohol, morphine and tury

ing the "Complete Jack Lon- hurn-out, London published don": hut there were also more of lasting value than any of his more fastidious the Wild, for instance, or The and longer lived contempo-

More than any other contemporary, too, London effected the twentietb centransition from "author" to "writer". Com- Throughout his life he had a wrong your philosphy of ing from the far slde of tendency to swallow his cho- life may be," Lonon once sen influences whole. Thus, the literary-social divide, he brought with him not just while he ingested Marx, his steely articulacy, but Nietzsche, Darwin and Herbert Spencer, he never propalso the legendarily roughneck experiences of bis erly digested them. Rather adolescence and early manhe was prone to throw them up again, didactically on to The poor son of a con man his own page.

Perhaps his barque was so and a lady astrologer, Lonambitions be needed other don left school at 14 to work in a cannery. By 20 he had men's cars to row it. The been an oyster pirate, a results though are uncomtrans-Pacific sailor, a hobo fortable. Like H.G. Wells, and a convict. Then, after tutoring himself to gain a JACK LONDON: A place et Berkeley, and drop-LIFE ping out after only four by Alex Kershaw

months, he set off for Alaska HarperCollins £20, 335 pages and the Klondike on the adventure that mede his fame. And others followed. London embraced eugenics notably hie ill-starred fust as he embraced socialattempt at circumnavigation ism, but without apparently seeing much need to square in the Snark, accompanied

hy his second wife Charmian

is suspect, it is largely down

to his being self-taught, and

the accompanying vanity.

- his ideal "Mate Woman", The man of the world and as he called her. champion of the underdog Despite his imitators, no was also a narrow racist. favouring the "Anglo-Saxon other writer sports such an race" against all-comers. His action-packed hiography. Today it is still mandatory understanding of women was similarly disjunctive. He almost for new writers to add something offbeat to wanted them to he fellow their "euthor's blurb". That, beroes of the future, but had too, is a part of the London little sensitivity towards them in the present. In his But equally, where London fiction, the female charac-

"It does not matter how

the one with the other.

promulgated, "ao ong as you have one and lave it well." Herein I suspet lies the essence of his prsonal tragedy. Not only dt London have e sterlir cepacity to delude himsi, but somewhere along th line thought that self-deusion

showed good form. Jack London: A Lit reasserts the legend whout offering sustained cres-examination. Its jouralist author acknowledges that London was party ; its manufacture, but is ligely content to regurgitat his subject's hiography very much as London hiself conceived it, in his innumerabla autobiogrphical outings. The prosetoo.

is jejune, as London's mly rarely is. The apocalotic remorse experienced bybin-geing alcoholics, memorbly defined as "white logic in John Barleycorn, Kersew miscues as "mandlin".

Elsewhere, redheads are stunning, hiondes gorgens. The narrative moves aher nicely enough, bowever, ad Kershaw has already sd the film rights to Hollywol so it would he wrong ters invariably fall to con- insist this book cannot does not whet the app

### More to the Caribbean than beaches

Caryl Phillips finds a literary companion to tempt the tourist

region of the world that is most dependent upon that thoroughly fickle twentieth century industry, tourism. Those who travel to its shores do so to "turn off and tune out", unlike travellers who venture to places such as Venice or India. The traditional visitor to the Caribhean does not quarry towards "culture", eagerly exploring museums and historical sites in an attempt to combine relaxation with education. The Caribbean tourist is generally seeking relief from mental stimulation, and in this most literal sense the visitor often regards the region as a place to indulge in mindlessness.

James Ferguson's literary companion to the Caribbean both attacks the idea of the Caribbean being a place in which one is free to he mindless", and it reinforces a literature. Ferguson's text and conflicts that have over the years contributed to the Caribbean heing known as "Europe's other sea", and he continually reminds us that the hills and valleys of the region are littered with the evidence of a vigorous Euroean history that was played ut in this new world of the mericas. He is careful to

TRAVELLERS' LITERARY OMPANION TO THE · CARIBBEAN y James Ferguson 1 Print Publishing £13.95, 424 pages

ideify forts, castles, manwer built in the wake of centies of European squabblin and self-aggrandisemen many of them now presered and open to the

Thebook is part of e series endorsed hy many writen including Margaret Drabbl who describes the idea at the series I have Bahamasn the north and Antilles i the south. Each chapter coains a "fact box" area, popution, language general hisory a literary history, andhen a selection of the most vocative prose and poetry loduled by the leading writes from each country, pluswring about the country brothers.

For instancein the case of Jamaica, not only do we have the lyrice of loh Mar-ley and the potry & Lorna Goodison, we are have Noel Coward's witty dvid to the would-be Jama:an purist. and then most memrably. Anthony Trollep's hanting evocation of the arms colonial capital, Spaish fown. "It is like the ity d the dead. There are lng sreets there in which o hunan inhabitant is eve seed in others a silent ld nigro woman may be ailing a an open door, or a cild playing, solitary, 1 the dist. The Governor's nouse King'e House as it; called stands on one da of a square; opposite ishe house of the Assembly; a the let, as you come outfrom the Governor's, are to executtive offices and hose of the Council, and on be right some other publicuildings. The place would lve some pretension ebout itid it not

he Caribbean is the eternal death." This is, of course, history, literature and guidebook in one paragraph The first writers on the

Caribhean were Europeans

who "reported" back on the slave trade. They were succeeded by the Victorians snch as Charles Kingsley, who analysed "Empire" and its failings. Then came writers who simply travelled "down the islands" in search of "exotica" and in the hope that the islands might amuse them. in the wake of all these visitors, a strong "homegrown" Caribbean literature began to emerge. Ferguson's anthology presents us with the various voices, and setting them side by side not only throws new light on the writing, it illuminates the complex nature of what we understand by

the term "Caribbean". Five centuries ago Columhus "discovered" the region. and the subsequent relationis full of references to battles sbip between those of Europe, those of Africa, and the indigenous peoples - to say nothing of the Chinese. indian. Syrian and Semitic populations wbo "colour" the region - has resulted in the Caribbean heing the busiest crossroads of the modern world.

Whether one examines this history through the prism of the English language and culture, or that of the French, Spanish or Dutch, the result is the same. The Caribbean offers the quintessentially postmodern, multi-racial, multicultural model that Europe and the US is now grappling to come to terms with,

V.S. Naipaul's account of sion and plantations which an arrival in Martinique suggests some of the rich complexities of Caribbean life and history, to say nothing of its ironies. "Martinique is France. Arriving from Trinided, you feel you bave crossed not the Caribbean hut the English Channel. The policemen are French; the street nameplates in been loging for all my trav- French; the cafes are French; elling it". Each country is the menus are French and examine in turn, chapter by are written in a French chapter, eginning with the hand. The landscape, in the south, is not stridently tropiconcludir with the Dutch cal. Rolling pasture land, worn smooth and unfruitful by cultivation, with dark which prides details of blobs of scattered trees, and little claws and tongues of spoken etc followed by a land sticking out into the clear sea, suggest a gentler Cornwall."

The most potent way in which a country, region or continent lives is through its literature. Here is a book which introduces the reader to the complex history of the Caribbean, Its literature, and the hest of the literature about it; it even manages to throw in a few street maps of the larger cities. The glossary, however, is a trifle spurious (after all, we know that cerveza is Spanish for beer, and that a "cutlass" is a machete). Also, in almost all languagee, and in every country, the selected poetry seems weaker then the prose; hut these are minor points. This is a first-class anthology of Caribbean literature and one which, although designed for the general reader, is more challenging and useful than many of its competitors which have emerged from the academic world.

Ferguson does not shy away from ecknowledging that the literature of the Caribbean is tainted with impure fusions of hietory. What he manages to convey is that in its very "impurity" seem to be stricke with an lies its strength.



Enjoying the British summer; naturalist and weather forecaster Bill Foggitt predicts the arrival of rain by consulting pine cones – open scales mean dry weather while closed indicate rain. He is featured in "Living Netional Treasures" (Pavilion Books £40, 142 pages), a celebration of traditional British skills and crafts from Country Life magazine

#### he English disease used to be hypocrisy. We were Orwell pointed ont, it enabled us to conuner a and hold it by force. while proclaiming our hatred of war and

quarter of the world tyranny. We could preach Christian morality to ourselves, and thrust it down the throats of the peoples we held in subjugation, and never shrink from the dirty deeds needed to keep the whole

thing afloat. Bnt now the national self-confidence that nourished that genius for two-facedness has been exploded. As Clive Aslet lays bare in this deft, witty and highly perceptive analysis of the English condition, pride and belief in nationhood heve been

## Demise of old England

Tom Fort finds a nation in the grip of a crisis of self-confidence

annihilated. Even the notion of feeling English seems faintly absurd. Not that the English capacity for humbug has vanished too - hence, as one of innumerable examples, the way in which the nation gives itself to the hi-weekly lottery frenzy, while uniting in envious hatred of the moneymen who have created it. We are not prond of our lottery; if anything. we are slightly ashamed of

proud of precious little any So, when e company steps forward to reveal its profits, we do not applaud it for its

what it tells us about

ourselves. Indeed, we are

dynamism and give thanks for the contribution those profits will make in keeping our creaking public services going. No. we caper around in transports of righteous

indignation yelling our ANYONE FOR ENGLAND? by Clive Aslet Little, Brown, £17.50, 247 pages

disgust at the "fat cats" with their whiskers in the cream.

Aslet records that to many of our parents' generation, "a chief pleasure in going abroad was the opportunity it gave to lament the

failings of other coontries with their backward economies, rubbish by the side of the road, and mability to make tea with properly boiling

All those assumptions of superiority have been shot to pieces. Never mind that our our rivers are cleaner than in any country in Europe; that in Italy you must pay your income tax in cash at an office, and in England you have it deducted at source; that the scourge of unemployment is at least under control in Britain, whereas elsewhere tt is not. The doctrine that they do things "better" in

other countries has thrust down deep roots. All England's institutions - parliament, the monarchy, the Church, the indiciary are shot-blasted with

ridicule. Tradition is forgotten, or viewed with embarrassment. Our seas our full of sewage, empty of fish. Our countryside is devoured by developers, toxic with pesticides. Brosim of self-esteem has become a cliff-fall. Margaret Thatcher mouthed about old values darkness. Tony Blair will do eway with the House of Lords - which does a qmet, cheap, useful job -

because it is "undemocratic"; and with fox bunting, which plays an irreplaceable part in preserving what remains of rural Britain, because it offends the metropolitan conscience.

Clive Aslet edits a magazine called Country Life, which has very little to do with life in the countryside, and a great deal to do with nourishing fantasies about living in houses with gables and mullions and having landscaped grounds and paddocks where thoroughbreds contentedly

nibhle. Nevertheless, he is a most acute observer, and an excellently amusing guide to what a cynical, self-doubting, health-obsessed, morally bereft, mannerless lot we have become.

#### eble and entertaining book. Warren Kimball quotes Chief of Imperial General Staff Alan Brooke's description of Churchill "working" with him till nearly 3am, with the gramophone turned on, skipping about the room "with a sandwich in one hand and waterearth kept such Great Leaders

When Churchill was in his 70s, and Roosevelt in his wheelcbair, they met in Tehran in 1943. Roosevelt had travelled nearly 9,000 miles, hideously uncomforteble in aircraft, through dangerous skies. Churchill arrived with a cold and e cough and was seriously ill with pneumonia on his way home, convalescing for 21/2 weeks in Alarrakech, Kimball draws ettention constantly to the

Meanwhile, Churchill wes a

## High-level friendship forged in war

How much did the personalities of Churchill and Roosevelt influence history, asks Angus Caldr

smoked cigarettes heavily on top of his paralysis, caused hy polio cress in the other". What on and chronic bleeding beemorrhoids. Yet Kimball thinks that their views held steady. Each kept consistently fighting his end. Churchill was determined to preserve e Great Power role for his Empire, which centred on Indie (and depended on the Indian Army for coherence). FDR was always possessed by the counterdrive to sort the world out for free-market capitalism. They could not disguise their differences. But they did contrive to joke with each other ebout them health and comfort fectors in and so, in some sense, could be called "friends".

ROOSEVELT AND THE SECOND WORLD WAR

cbarm, Stalin. Churchill was chronically disingenuous in his efforts to shift the thrust of the joint war effort eway from frontal assault on Europe, as happened on D-Day, towards defence Both men, however, were gifted of imperial interests in the Medi-

Roosevelt as an arch "seducer"

wbo flew so far to Tehran

because he wanted to meet, and

FORGED IN WAR:

CHURCHILL,

by Warren Kimball

HarperCollins £25, 422 pages

feigning friendship. Kimball sees playing on when hamstrung, and octogenarian conductors somehow standing through hour-long symphonies, these unhealthy, old men seem to typify how obsession with power can drive people on far beyond normal limits.

Kimball, editor of three volumes of Churchill-Roosevelt correspondence and author of sevgeopolitical vision of his protagonists, for whom an episode in the Don basin or Madagascar might be of relevance to what could happen in Norway or New

His narrative most usefully links together worldwide simulta-

day-long drinker, and Roosevelt actors and wordsmiths capable of terranean. Like great sportsmen nelties normally treated well ish Empire had been decisaly apart. Both FDR and Churchill - influential far beyond the redits the latter, in particular - had an on the map. Today the US or. impressive grasp of world geogra- cises even fuller world hepby, one of several reasons why we might call them "great".

Do great men determine history? Images of "Roosevelt" alone seeing off the "isolationists" who didn't want America drawn into war while "Churchill" personally subjects, has had to acquire the strip-cartoon notion of history which just cannot be right. So does the idea, much touted in wartime propaganda, that Hitler wanted to make himself World Dictator. But large forces, however crudely, are thus repre-

Around 1900, Churchill's Brit-

mony. In between, Germany'sid for similar authority - not imy. ing swastikas in Swaziland d iackboots on Java - was hali and battered down.

To this result, the US broug far and away the greatest indi eral books on closely related kept the Nazis at bay, typify a trial capacity, pouring tanks at may be said to have determined aircraft off Fordite assembl. at least in part, the atmosphere lines. The Soviet Union provide in which we bave lived ourselves. the overwhelming numbers c Their "friendship" belped to

victory of the second world war" hy refusing to eurrender in 1940-41, thus "making it possible for others to win the war".

"If I die," Churchill told his deughter in Marrakech, "don't worry, the war is won." But if he had died in lete 1940 . . .? Any consequent collapse of the will to fight in the British governing class might well heve brought the US into the war faster. In global struggle, Germany and Japan were bound to lose - the diplomatic dealings of Churchill and Roosevelt merely inflected and nuanced that bigger story.

male (and female) soldier ensure that the alliance against needed to defeat the Germans or Hitler was firm and cordial and the front which mattered most to that the subsequent triumph of Hitler. What did Britain contrib-US capitalism did not leave e ute? in Kimball's view, Britain legacy of bitterness among the won "the first and indispensable Sritish.

حكنات الاحل

he French Dada

ist Marcal Dn-

champ took a typ-

ically irreverent

view of proceed-

ings when he attended an

Institute of Contemporary

Arts auction in the summer

of 1966; he was reported to

he more interested in his

sandwich than the visit of

But then Duchamp,

famous for his sculpture of a

urinal which outraged New

York in the early part of the

century, was never one to

observe protocol. He would

have found more to interest

him in the ICA's current exhibition, Assuming Posi-

tions: Pure Pop to Conceptual

Cool, where, on the top floor,

he would have encountered

a direct descendant of his

Sarah Lucas's visually

unexceptional toilet howl

placed in the centre of one of

the gallery rooms, has taken

logical conclusion: it is all piped in, fully flushable and,

according to the gallery, at

tha disposition of any specta-

tor desperate - or brave -

The troublesome issue of

what constitutes a work of

art might be (at least) as old as the century itself, but

Assuming Positions persists shamelessly in reframing the

Toilets aside, there are witty works of head-spinning

self-referentiality - a sculp-

ture reproducing a magazine

illustration of Andy Warhol advertising a Pioneer stereo

system; Hilary Lloyd'a video

installation, showing the

tedious business of a club DJ

being driven to work and

back again; the television advertisement for Blackcur-

rant Tango, ironically xenophobic, technically master-

fully blurs the boundaries

hetween art, advertising, pop

promos, interior design and

fashion photography; an ob-

fuscation which is supported

and likely to be further

encouraged by the ICA's new

exists precisely to make

curiosity and enthusiasm

about humanity; the ability

to be surprised and intrigued by the unpredictable. In other words, Radio 4 has not yet been mauled by the

robots. Plans for yet more tomfool-

ery from the huffoons in high BBC

laces whose motto is "if it works

smash it" are rumoured to affect 30

to 40 programmes, including those

director, Philip Dodd.

enough to use it.

## Playful with popular culture

The ICA, celebrating its 50th anniversary, remains committed to the avant-garde, says Peter Aspden



be a place at the ICA for good poetry reading, or really strong show hy painter, but one of t things that is distinct

about the ICA is that its the only space in Long where a theatre sits nexto a cinema, which sits nerto Dodd believes that the ICA an exhibition space, anso on. They should bleed to one another," he says. The ICA, which celebites

its 50th anniversary his his favourite words. "Of course, there should always

ated with promoting the Joyce's Ulysses is unimagin-avant-garde. Pausing only to able outside Joyce'a converapeculate that the term might be anachronistic ("It is worth remembaring it comes from the mid-19th but also with 19th century century"), Dodd is happy to defend the association, providing the term is not meant

"There is a notion of the avant-garde which is much more playful with popular

sation with advertising. Dada theatre was not only in conversation with cabaret vaudeville. I'm interested in an avant-garda which is in constant conversation with the popular, so you don't quite know where to locate

The intensity of media interest has made that loca-

Hirst can move from being tainly give itself an ironic student in 1968 to someone who can now hit the front the hype, much of which is pages of a popular magazine, then it says that the notion of the avant-garde is a more complex matter than it was m 1912.7

But wasn't Britain uneasily strong at present in the black arts of the media, advertising and marketing, at the expense of "real" art?

"When someone like Damien "I think Britain should cer- will turn Britain into an insular place, and I think of an unknown avant-garde pat on the back for the PR Britain as an import/export campaign it has put out on culture." behalf of itself. But despite He responds to critics' allegations that the ICA has lost

sentimental and nostalgic its role and sense of direcfor the 1960s, there is a lot tion with a sharp reminder going on here," says Dodd. Tam certainly not against art forms because their priinstitutions are finding it difmary purpose is commercial, ficult to keep up. "Culture which after all applies to the has changed faster than cul-19th century novel. But the tural institutions, and we danger of the hype is that it are having to move very fast." He says we have come to the end of postwar welfare culture, which has forced "all the great liberal institutlons, the BBC, the universities, the Royal Opera House"

to rethink themselves. "In the 1980s, all the professions came into question, including those involved in the arts. Why should we have these cultural gatekeepers who decide what we want and what we should have access to? Now we have the technology to become our own gate-

keepers." These changes, plus the continuing democratisation of culture, have forced the temples of art 10 adapt or die. Dodd's own answer is to espouse openness and flexibility as the touchstones of an Institution which has always challenged traditional conceptions.

"The ICA should go to those places which other institutions which are more respectable won't go. We should seek those places out," Dodd says, accepting that such a view inevitably courts controversy. "I am not interested in controversy for its own sake, but there is a case for controversy wheo one is deeply committed to

He cites debates over Ireland and the conflicting rights of paedophiles and parents as topics he would like to see explored. "If you have a discussion around paedophilia, which is a very complex political and civil rights issue, it should be a discussion involving all aldes. That can provoke problems. If the tabloid press ets excited about it, I can happily defend it.

True to his love of the hybrid and the eclectic. Dodd is also anxious to develop links with other cultural institutions to put on events such as this summer's celebration of 50 years of Indian independence, in collaboration with Channel 4 and Westminster Council, in which a historical selection of Bollywood films will be shown in Embankment Gar-

Assuming Positions, sponsored by Draught Bass, at the ICA until September 28.

in its purist or policing year, has always been soci- culture. For instance, tion even more difficult: ine week began with a heart-

Radio / Martin Hoyle

### Small pleasures o hold on to

awkward items that are short, minority-led or cannot be drilled into tunnel-vision, test-tube uniformity in some Orwellian vision of hland grey-Yet again the BBC appears to confuse numbers of listeners with quality. Logically, according to them, the lowest common denominator is the ultimate criterion. The word "excellence", with its implications of being better than others (look up "excel" in the dictionary, Boyle), is embarrassingly redolent of - that great catchword of mediocrity - "elitism". Words like "superior", "best" and "standards" are wailed by hosts of Zorotrianism there you - and prebabies being thrown out of Broad- sumply tha cow - are. She was casting House with perfectly accept-

your, starting with On Your Farm's cheesemaker, an ex-viola-player from the Halle, and Nigel Kennedy's outpourings to Anthony Clare In the Psychiatrist's Chair. Truth to tal. pla, scene of the beating oncon-Nige had nothing to say not already actis (as that day's news pro-the shock that greeted Darwinian

leaked by e press or made plain by grammes reminded us) of a minister his previo career; but it is good to of religion by government troops. ack in fine musical form.

Sundays billed as Gerry Northam presentif "religious views": gravely mislead since it might be taken for a coventional God-spot when it is notice of the sort. This week toucheon the World Youth Congress (Zorastrians taking place in principle, to paraphrase Mark Ant-Londoland a young woman, chirp ony. The words applied chillingly to ily don to earth and redolent of a femal Pooter in The Diary of a Nobol who recalled her initiation. This includes drinking a cup of cow sirine. No, it wasn't very nice, she inceded, but when it comes to infinely preferable to the supercilious nglican clerics squawking dis-Take Sunday and its myriad small datully about swinging votes in pleasures. There was a musical fis. Hou of Bishops debates by "raking E periodically sweats itself into over up their phrase) bishops from such odolaces as Tierra del Fuego.

I same these humble servants of

But he was not Anglican, thank goodness, merely a Presbyterian like those tiresome Orange men in Ulster - and therefore atill concerned with principles, unlike the bulk of the Church of England. And yet ... So are they all men of

most men who rang in to Tuesday's Call Ed Stourton. Despite its megaphonic implications, this is a phone-in programme with a nice American title. Ed Stourton is an admirable umpire-presenter, scrupnlously fair, articulate, judicious and clearly spoken. He is not long for Bland, Boyle and the new BBC, you can bet '

gay priests: should they be allowed? If so, should they be celibate? Without the benefit of contributors from Chit would count Kenya as an odd Tierra del Fuego, the picture that

theories has so much woolly minded bigotry been aired in the name of the scriptures. Interestingly, opin-ions were divided along lines of gender. The majority of men were hos-tile, from ranting anti-sodomites to legalistic quibhlers, while the women with one exception were in favour and sounded compassionate, sensitive and sensih was a woman priest who preached obedience to the Church despite Stourton's relevant comment that she had presumably conducted a long fight against traditional Church teaching to get where she was.

On e more relaxed note, the two (there are only two) professional presenters of Kaleidoscope returned to their respective home patches and recalled artistically formative years. The embryonic query "Who cares?" died on the lips as that nice Paul Vaughan reminisced about bookshops in Charing Cross Road and queueing for postwar Proms. And Lynne Walker's love of Edinburgh eminently understandable to this adopted Edinburgher, was charmingly expounded; though one initially got the impression that the Scottish capital is the vibrant seat of national orchestra, opera and dance. It isn't, and I worry for the future of Conrad Wilson, distinguished music critic of Glasgow's own Herald, who advocated moving the companies to Auld Reekle. Conrad, as yon walk through Glesga, all I can say ia "gardy loo".

and wit. The title role,

however, was seriously

merry bone in her body.

hallet should have been

called The Jaded Widow.

With her at its centre, the

Susan Jaffe doesn't hava a

The Coppélia is adequate,

### It's all hypothetical

Television / Christopher Dunkley

submits an axpenses claim for a ally.
"business" dinner Th at a time when you know he was entertaining his mistress, a woman from a competitor company. Do you sanction the claim?

Supposing it turns out that the dinner was for the purpose of luring this woman away from her employer to join your company? Bringing her talented team with her? And what about the suggestion that, in the process of closing an important deal, your comnany should pick up the hill for a shopping expedition to Harvey Nichols? Would you pay £10,000 to a nominated charity in order to land a multi-million pound order? What about £50,000?

never been involved in business, the answers to these questions from experienced businessmen are somewhat surprising. They are raised in the second of this year's series of Hypotheticals, programmes in which people with expert knowledge lawvers, trade union leaders. and members of quangos, as well as captains of industry

To those of us who have

- react to a realistic hut hypothetical set of circumstances, outlined by a moderator who also acts as interlocutor. The idea, which is ahout 25 years old, was devaloped at Harvard Law School, and adopted by the Ford Foundation as a means of acting out case studies hetween lawyers, civil ser- comedian. vants and journalists in sessions organised by the eminent American broadcaster

Fred Friendly. In 1979, Brian Lapping then with Granada TV brought the idea to British television, producing a series about the mass media and the law which proved to be well-suited to the amall screen. Over the years others have dealt with medical ethics, international terrorism, genetic engineering and

undar Lapping's wing. though now he is co-owner of the independent company. Brook Lapping, which produced this year's trio in association with Granada, and the editor is Robin Kent. Transmitted this coming Friday, Saturday and Sunday on BBC2, they are concerned chiefly with employment law, though Saturday's pro-

ne of your staff gramme (the hest) pushes thing to further the interests The great boon of the

series is that people who would not go on television to reveal how they have behaved in real cases, for fear of the consequences. will reveal all once they have been tempted into enthusiastic role-playing hy a seductive moderator. For the opening programme, described as dealing with "hiring and firing in a politically correct world", the moderator is Cliva Anderson, former barrister and now flavour of the decade in television presentation.

e makes a better

attempt at this

job than some. yet this programme never reaches the intensity of conspiracy necessary for complete success. For instance, somebody on the panel should surely have been induced to admit that, whatever the law may say, the pregnant woman applying for a job would bave been rejected, ostensibly for reasons other than ber pregnancy - unsuitable qualifications, halitosis, anything.

For the second programme the moderator is Professor Arthur Miller, who comes from Harvard Law School, was in at the start of the Hypotheticals, and is now a master. In addition to his legal training, he has a nice feeling for narrative and the timing of a professional

What this programma shows is that a lot of husinessmen will do almost any-

of their company and make a profit, including transferring production to a foreign off workers in Europe and even Britain, and continuing with that arrangement even after it is revealed that child labour is being used in the Nirvana factory. They are remarkably calm and accommodating when asked to take on as facilitator Boris Godunov, the son-in-law of Nirvana'a trade minister.

No doubt this will all seem pretty unsurprising to many FT readers who live with such matters every day, but to those who have little way of knowing where the world of Godunov ends and that of Jonathan Aitken begins, this is eve-opening stuff.

The third programme is concerned exclusively with head teachers to hire and fire, and accept or reject pupils. As a head teacher what do you do if you see your geography leacher on television, wearing nothing but a posing pouch and a lot of baby oil, competing for Mr Gay Universe? Absolutely nothing if you value your own joh, it seems. Nor do you alter that if you later see him on the Gay Pride Rally

with several of your pupils. A hypothesis with less potential and a weaker narrative, make this a less compelling programme though. once again, non-specialists may find thair eyes being opened, this time to the degree of control wielded by the nanny state in employment law. Does it all apply to television critics?

#### Building success on imes are good at American Ballet Theatre. In the sars and opulence crisis engulfing American art institutions, ABT is thriving, relatively, by doing what it has always done best. Public funding for the arts is drying up (too many pictures of people's genitals), public interest is

Ameican Ballet Theatre's new offerings are a nixed bunch, says William Deresiewicz

devoid of the requisite

watch), so the word these But the are no more than half tozen of them. That leav three options: days is, sell, sell, sell. So what sells? Stars sell: more of them flock to ABT mount orof the standards every year. Opulence sells: have airly made for American republic. And in dance, so the wisdom goes, another mpany. Duringe past season -

storyllet, a form as alien to theodern sensibility as

gran pera or the novel of man's, is not only a

diffit but a dead art. The

Other is stunningly mept.

In Hovitch, a modern danchoreographer of

mising reputation, ABT

Familiar, accessible, fun so avid its pursuit of story-bet gold - ABT not to mention star-driven and costnme-laden tried alliree, reviving Coppélicommissioning Lar evening-length classics such Lubovia's Othello, and as Swan Lake and Sleeping acquire Ronald Hynd's Beauty are seen as ideal The My Widow. To watch products for a mass these I two, however, is andience. to unistand why compaes don't go those routesore often.
Theaking of a

F.S. LOWRY Sale as one lot

Section of the second

drying up (too much TV to

the company's costume

budget alone would

bankrunt a Central

story ballets sell.

Incapabla of establishing a character or pacing a scene. Lubovitch passes the you don'tready have; pay someone make a new one; or pay sceone for one they

time with an assortment of irrelevancies and stop-gaps: a commedia troupe, a merry whore, a succession of . banally expressionistic solos and duets. Like the novel of manners, the classic story ballet relies on a clear set of social codes against which its central figures can define their moral freedom. Shakespeare offers such a background in his play.

But Lubovitch, blind to this larger dimension, drops it from the story. We are left instead with the kind of contextless psychodrams that seems to be the only thing the contemporary imagination is able to conceive.

Now I'm going to tell you what this ballet is really about. It's about Desmond Richardson. The former

would surely have never been mounted except as a vehicle for him. His physique is

magnificent in its sculptural definition. His countenance is noble, his manner brooding, his presence utterly anthoritative. (The second cast featured Keith Roberts and a can of shoe Hynd's Merry Widow is

guilty of less heinous

crimes. Based on Lebár's operetta, the production at least has the virtue of not taking itself too seriously. Still, I wonder about the advisability of doing farce in ballet. The convoluted scenario, amusing when explained by recitative, is merely confusing when conveyed by mime. Still, the production's silly parts come off much better than its love story. In the first cast, Gil Boggs and Irina Dvorovenko brought off the Alvin Ailey star led the first main comic roles with gusto never.

passages are underdrawn, transitions sketched perfunctorily. ABT may be very interested in story ballets, but it doesn't seem too interested in stories. As for the two young star I reported on last year, if

Paloma Herrera, a

wonderful actress.

if uninspired. Mime

highlighted the deficiencies of the ballet, the ballet highlighted the deficiencies of Angel Corella. A predigious leaper and turner, Corella is too callow to be much of an actor and too vain to be much of a partner. Herrera's real challenge

came in Suom Lake, as did that of her partner, Rihan much more. The programmes are still Stiefel, Stiefel, a pellucid young classicist late of New York City Ballet, seems as yet to understand his role more as a series of steps than as a set of emotions. For Herrera, the difficulty was physical: Odette's monumental adagio passages. But that's the virtue of a classic: mastered with difficulty, exhausted

ST. JOSEPH'S HOSPICE MARE ST. LONDON ES 4SA. (Charity Ref. No. 231323) "Her final days with you were among the happiest of her life. Your gentle skills convert the dismal business of dying into an art-form." These polgnant words from a beroaved husband are

echoed again and again by grateful families. They are quoted here in the knowing in you is the kind support on which our care depends.

SUSSEXARTئي **ANTIOUES** FAIR24 - 27 July

ompared with the Booker Prize, and its leaky, bitchy, judges, and the Turner Prize, with its grim obsession with political correctness, the Mercury Music Prize for the best British pop album of the year is a staid and predictable affair.

For a start the prize money, £25,000, is small change for many of the artists on the shortlist of 10 albums which was announced this week. Second, pop music takes Itself so seriously that the judges chaste, spiritual, intensa, are at pains to ensure that a reasonable case can be made for most of the albums that Church. There is Russian made it through to the final. from an entry of over 150. And third, in its six years, the Mercury has already established some unchal- nial and finds a mystical lengeable traditions: no respect for pop icons, but e nod towards minorities, like jazz, folk and, in particular,

classical". So last year's albums by Paul McCartney, U2, David Bowie and Peul Weller, ments, the eaxophone. It among other ageing beavies. failed to make the cut, while contemporary classical music is represented twice, by the ill-aseorted doo of John Tavener and Mark-Anthony Turnage. Oddly, jazz, currently enjoying a critical

### Records / Antony Thorncroft

## Putting pop icons in their place

high, is ignored this year, as

Having been allowed e peep at the prize, the minority albums can be quickly discounted as potential winners. Tavener's Supati (BMG Classics) is a seamless continuation of his life'e work, e reworking of the ritual of the Eastern Orthodox melancholy in abundance, but, by concentrating oo the cello of Stephen Isserlis, Tavener strips away the ceremosimplicity

Turnage'e Your Rockaby (Decca/Argo) could not be more different. This is inyour-face music, sounds of the etreets built around that gives you a temporary jolt, but soon becomes relentless as jazz phrases fight with orchestral decorum.

The other oddity on the shortlist is Trailer Park by Beth Orton (Heavenly), a



who upholds the tradition of bedsitter angst, creating songs designed to dissect breaking relationships

rather than celebrate glad confident mornings. field, representative of the two dominant strands of

dance music and the Spice Girls. It would have been perverse not to include Spice (Virgin) on the list, Songs "Wannabe" have entered the national psyche, pop at its purest - melodic, entertaining, well-crafted and human, speaking youth. directly to millions. The Mercury, which puts artistic creativity before marketing suc-

future generations will won-In comparison the other six albums have a depressing similarity - they tend to be gloomy, strident, aggressive and soulless, suggesting that being a pop millionaire is the most depressing job in the land. Spice harks back to wban pop was fun: bands like Prodigy, Radiobead, Suede and The Chemical Brothers too often seem like charmless nerds, doorned to sad affairs with electronic

Prodigy's The Fat of the Land (XL Recordings) will (Virgin), the machin is

favourite, even if the band is a 1990s ripoff of the Sex Pistols down to Keit, Flint's sneering Rotteresque vocals, and in-yur-face aggression. It serves be dual purpose of shocking adults and comforting alenated It could be run case by

OK Computer (Parlehone) from Radiohead, a more intellectually pretations outfit which might have overstepped the man with this album. Just as up in the 1970s stretched if egotism to snapping poit, and sank into the swa gressive rock, so Rachead has mixed bittesweet moments alongside stally redundant static. Thelyrics might mean something to singer Thom Yorke, bt they read like the chatterins of a computer that has ovelosed on Gertrude Stein

Yet both these album suggest some buman inplyement. In The Cherical Brothers Dig Your OunHole totally dominant. This is house music aimed at the body, created with great technical wizardry but with no place for the soul. It packs the dance floors, and makes rhythm the pivot of pop, but it is already knocking against the imaginative boundaries of the remix, in itself a parasitical art form.

That the dance boom is still capable of refinement was proved by Roni Size whose album New Forms (Talkin Loud) was the surprise nomination to the shortlist. Bristol-based Size has spent four years paring down drum'n'bass to a mesmerising simplicity. On the way he borrowed from reggae, funk, hip-hop and back-beat rave, and although short on emotion this album takes the beet further than you might ever imagine.

It is odd that dance should flourish alongside the resurgence of Britpop, which as a retro-movement, reinventing the 1960s, is inevitably guitar based. With the new

the contender in this area is Suede, a softer, subtler, more romantic band, with echoes of everyone from David Bowie to the Small Faces to (Nude), Suede flaunt a familiarity with council estates and throw in references to Barking and Streatham, but this is really a superb collection of traditional pop songs, perhaps too safe to catch the

agein terrib tack t calme

The jokers in the pack are Primal Scream, winners of the first Mercury but hardly world force since. Vanishing Point (Creation) is an intriguing race around the houses, a bit of this, a little of that, guitar-led but not short of electronic wizardry. Primal Scream now seem a mature, even sophis ticated band, quite prepared to be mellow oo "Get Duffy", cool on "Star" and techno oo

"If they move kill them". There is no obvious winner. Apologists for the lashionable contenders, Prodigy and Radiohead, might fight themselves to a draw and let in e compromise. The obvious ones, Suede and Primal Scream, are past winners, so Roni Size might be in for a shock. Or the judges could accept the ioevitable and

## Turks advance in cultural celebrations

Martin Hoyle visits the Istanbul Music Festival

its 25th year, the Istanbul Music Festival can count on a generation that has the cultural authorities ara grown up with the idea of an adopting a tolerant, laissez-faire annual cultural jamboree. Festivals rather than festival, in fact: classical music is just one of five too much so: both locally and festivals organised by the Istan-nationally, the arts survive prinbul Foundation for Culture and cipally by sponsorship. Arts. There are also separate celand, in a biennial emulating its more established European mod- free from the Ministry of Culture

Symphony Orchestra and Chorus of the foundation's press and PR, provided one element of this she delightedly enumerates the year's British theme in the music festival (next year: France). first stadium concert, phone res-Merely one strand in e rich texture, bowever: this year, Istanbul has heard, among others, the Concertgebouw, Gidon Kremer, Maxim Vengerov, the Labèques and Muti conducting the Filarmonica della Scala. Opera was represented by Bertoni's Orfeo, produced by Pier Luigi Pizzi, with Claudio Scimone conducting the Solisti Veneti.

The British contingent included The Sixteen, the King's Singers, the Allegri and the Gabrieli Consort and Players. All this with a bealthy input of young Turkish artists in such imaginatively raalised programmes as "From Vienna to Istanbul", an evening shared between Turkish art-song and Schubert Lieder.

As can be seen, the Istanbul Festival is in the big league. The public for the BBC SO was educated (there are good record sales in Turkey) and appreciative. If the clicbe about looking both ways to Asia and Europe still applies, there is no doubt that international culture is one of the fronts in the Turks' advance on the European Union.

Melih Fereli, the foundation's general director, says Turkey has a highly trained and educated younger generation and is already a fruitful field for foreign investment. There is also the conviction that a stable Turkey could have a positive political effect on its eastern neighbours.

The new government has remains an essential element, sparked a feeling of cautious optimism that political interference out a festival? In in the arts may be a thing of the past. The municipality of Istanbul may be fundameotalist but attitude towards culture, in the best Ottoman tradition. Perhaps

Official support is mainly in ebrations of film, theatre, jazz kind: 100 billboards from the municipality, the concert vennes – no less than its duty, as Esra The three concerts of the BBC Nilgun Mirze points out. Director festival's "firsts" in Turkey - the

> The church's brick walls absorbed echo while giving back a warm acoustic

ervation system, square postage stamps, lottery link-up.
The foundation is a mixture of

Arts Council, British Council and beritage ministry (the ectual ministry allows them to get on with it, with a subsidy that occasionally soars to 12 per cent). Eighty per cent of the festival is funded by sponsorship which can take several forms: press and TV advertising is free (Mirze estimates the value of the media coverage totals \$21m); corporate sup-port for the five festivals overall; for an individual festival (the stock exchange funds the film festival); and each separate programme can be sponsored.

Thus Powergen, a supporter of the Walton Trust's educational programme in Europe, feasted with Belshazzar in Istanbul. The Westdeutsche Landesbank found iteelf improbably sponsoring Vaughan Williams and Britten's "Sinfonia da Requiem" besides Brahms. And for Britain's artistic contribution, the British Council

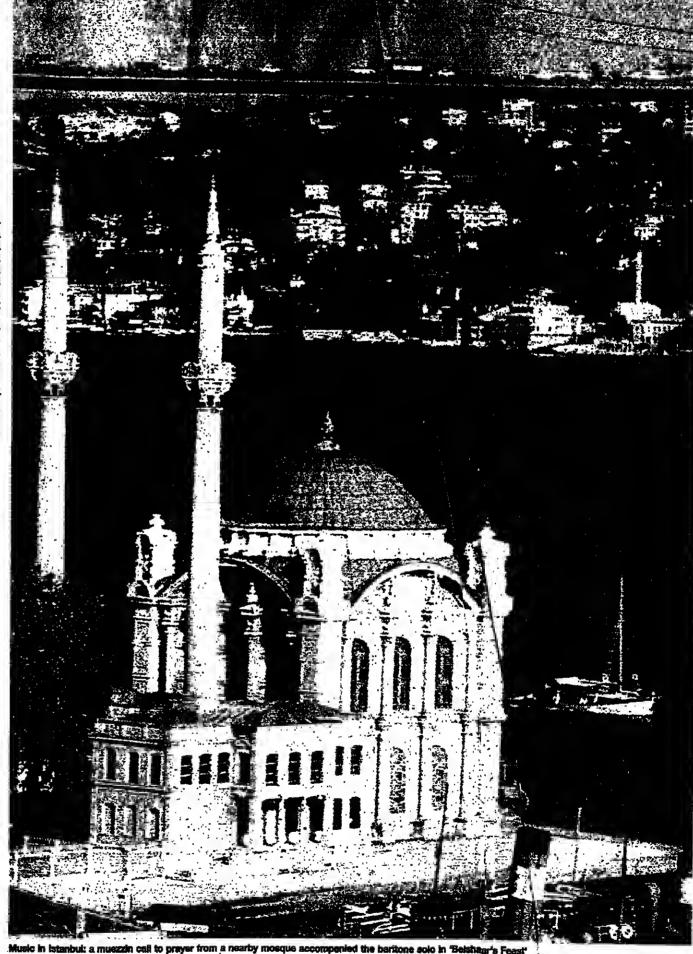
Just truly satisfying realism - crisp.

The BBC SO concerts, conducted by that adoptive Briton (musically speaking) Leonard Slatkin, took place in a beautiful Byzantine church in Topkapl Park, whose brick walls, stripped of marble over the centuries, absorbed echo while giving back a wonderfully warm acoustic. The resident pigeon vented disapproval in a way that even the rudest critics abstain from, on a blameless second violin and the

conductor's cuff. The chief novelties for a local audience were Elgar's Dream of Gerontius and Walton's Belshazzar's Feast, both buge successes. Slatkin'e gift for almost operatic extremes paid off with Elgar (exquisite delicacy and rip-roaring demons), though at least one string passage sounded like Copland about to launch into a sinewy chorale. The elegant American tenor John Aler flanked Jean Rigby (beautifully soft-grained in the more lyrical Ruckert Lieder the next night) and Alan Opie, another dramatic performer whose almost operatic projection was exciting in Belshozzar. A mingling of faiths was vividly underlined as the baritone solo was joined by the amplified muezzin call to prayer from the minaret of the nearby Blue Mosque. The audience remained; and gave Walton a standing ova-

At the last concert the pigeon and e friend flapped quickly to their places in the cupola as Vaughan Williams's lark began its ascent. As the last ethereal notes died away, a white feather floated down like a benison. The starling that joined his military fife impressions to Brahms' Second was soon drowned by the pomp and circumstance of the

In a week that had begun with the handover of Hong Kong, it was tronic to hear "Land of Hope and Glory" in the beart of what had been an imperial capital for both Byzantine and Ottoman. But these later imperial echoes in Slatkin's briskly unsentimental reading - in bare ruin'd choirs made their own consoling commant on lost empires: the music and the birds remain.



## Brawling and exhilarating 'Ragtir

Brendan Lemon, in Los Angeles, finds novelty and extravaganza a good mix i a new musical outing euch as Emma Goldman, with ties to the American musical adaptation, but the matriarcb of the New

clean, sound without harshness or With compromise. When choosing quality hi-fi, everything you hear about AVI is true. Especially if you listen to the experts. AVIGramophone magazine presented AVI with two prestigious ewards for its "nigh perfect oudio" While Hi-Fi News and hi-fi Record Review, suggested AVI should be "highly recommended to any serious music lover". AVI Systems start from there around £2.750. To hear true reality. call 01453 752656  $\mathbf{no}$ harsh reality

artb Drabinsky, the mahatma of North American musical theatre, has a fear of intimacy. His Bernetein's Candide, directed by Hal Prince, is oversized by half: a circus on steroids. His recent version grossly pumped up a masterpiece. Rogtime, which receotly opeoed in Los Angeles, is equally vast in conception. But its effect is more satisfying, more exhilarating even, than the producer's other 1990s extravaganzas, because Ragtime has novelty on its side.

Like its source material,

the 1975 novel by E.R. Docto-

row that in turn inspired the

1981 movie directed by Milos

Forman, Ragtime inserts

Harry Houdini and Booker T. Washington, into fictional Broadway revival of Leonard a black piano-player, and a wealthy white family from suburban New Rochelle.

In the opening number, the white family takes tha of the 1927 Showboat also stage dressed in elegant summer finery, as if in preparation for an American Ascot. They recall that, for tham, "there were no Negroes" and "there were no immigrants", even as their pristine tableau is up-ended by a horde of African Americans and a clutch of eastern European oewcomers disembarking at Ellis Island

Clearly, this will be no painter-perfect Sunday scene as deconstructed by, say, Stephen Sondheim. This is a novel, would seem resistant real-life historical figures brawling, messy narrative, to the economy required by

musical'e early days as a show'a book by Terrence widely popular art (Irving McNally, Lynn Ahrens's lyrlives: a poor immigrant Berlin, Rodgers and Hart) as ics and Frank Galati's direcnewly arrived in New York; well as to its later involve- tion all provide dexterous ment with social concerns (Bernstein).

Ragtime itself, of course, is the supremaly infectious the injustice inherent in the popular music from early American Dream - threatthis century. The score by Stephen Flaherty blends this genre with other American forms, from gospel (a stirring anthem called "Till Wa Reach That Day") to minimalism ("Journey On"). The composer may be forgiven for resorting to a few too many soaring crescendos, giveo the breadth of the musical's scope.

Thet breadth, which is also a feature of Doctorow'e original, nearly dialogue-free

solutions to this problem. Just wheo the musical's emotional tone - anger at ens to swamp the details of its narrative, lts creators pull back to a quiet scene

which restores the balance. That said, there are still some problems with one of the show's three main stories, which may or may not be addressed before Ragtime moves to New York this winter. The tale of the Jewish immigrant, Tateh (John Rubinstein), and his daughter good, in fact, that; the (Danielle Wiener), is onder-

drawn. Matters are improved

only slightly when Tateb

meets up with Mother, the

when Mother the a black baby in her gden and takes in the chi and his mother, Sarah (t radiant singer LaChanze) he musical's moet affecing story begins. In Mother irim parlour, the child scontrite fatber, a musicit named Coalhouse Walker comes each Sunday to try recapture Sarah. As Walker, Bria Stokes Mitchell gives a stanaking

Rochelle family sho is too

starchly playedly Marcia

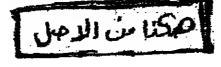
Mitzman GavenHowever,

performance. His rst-act number "New Muc", in which he wins Saratver, is an exquisite moment is 60 musical continues with scenes of High An-ican Pageantry - from viettes

cleverly staged appearances by Henry Ford and J.P. Morgan to a shattering denouement - you can never put Sarah and Coalhouse out of your mind. Even in the world according to Garth Drabinsky, It is the specific, not the symbolic, that contains multitudes.

Cootlouing at the Shubert Theatre, Los Angeles,

Shakespeare's Globe Theatre Opening Season 27 May - 21 September 1997 BO 0171 316 4703 (24hrs) 0171 401 9919 Henry V The Winter's Tale Tuex-Sal at 2pm and 7.30pm. Sun at 4pm



Sporting Profile

## Ageing enfant terrible tries to tack towards calmer waters

Keith Wheatley finds Chris Law, the celebrated British sailor, slightly more serene but as hungry as ever for Admiral's and America's Cup success

mpulsive. Obsessive. These are some of the good things people say about Chris Law. For two decades this cometimes infuriating, hugely talented British sailor has been on the bow-wave of the sport. He will be this country's senior skipper when the Champagne Mumm Admiral's Cup begins at Cowes next week.

His performance at the helm of the biggest of the three-boat team. Corum Indulgence, will be pivotal for the host country's chance's of winning offshore sailing'a world championship. Law was drafted in just a month or so

ago to lift a struggling campaign, Insiders say he has already turned it

What makes Law fascinating is that at 45, when most sportsmen begin to slow down, lose their single-minded drive among the accourrements of family, home and possessions, this blond maestro has whittled his life down to kithag, passport and mobile phone.

After four Olympic America's Cups he is as hungry for the next regatta and start line as any teenager. In between, Law has lived a rollercoaster life encompassing enough triumphs and disasters for the average village, never mind one individual.

Victories on deck have been accompanied by divorce, breakdown and husiness success and an unbreakable devotion to his two grown-up daughters. Ha looks back on an adult lifa travelled almost in reverse direction to most people'a.

I married very young and had children almost immediately," Law reflected from his current base in Lymington, on the Solent. "I started working life as an accountant but went into computers to pay the school had all the trappings of success, the Porsche, country home in Hampshire and a senior executive role with Olivetti - and a frenetic schedula trying to live a parallel life as a

world-class sailor. years ago, to be the helmsman of Britain's America's Cup challenger seemed to be the man with the world at his feet. However, he was not content simply to race vachts in the sparkling seas off Fremantle, Western Australia. He was anxious to keep his links with business and the corporate world, as if world-class sport wasn't enough.

"A decade ago there was hardly such a thing as sional sailors. Wa

This blond maestro has whittled his life down to kitbag, passport : and mobile phone \*\*

were regarded as not much more than boat-brons," said Harold Cudmore, arguably one of the first full-time pros and theu skipper of White Crusader. "Chris was about this lack of status. about being outside the establishment."

His father, now dead, was a senior officer in the Royal Navy and an icon for Law. At Millfield school he excelled at various sports and could probably heve played international rugby if sailing badn't attracted his attention

As he began to sail Olympic classes in the late

fees." Before he was 30, Law 1970s and early 1980s, it was apparent that this was a young man with huge natural talent but an almost innate gift for finding himself in difficult situations where conflict

> "In personal terms, Law was enormously flawed when he was younger. So compromise with anyona hut he was a great sailor." said one contemporary who still regards him with guarded affection. "He's matured so much but still has the capacity to be his own worst enemy." On the water he could be

> as mercurial and loud-mouthed as the young McEnroe. Yet he is also a gifted teacher and coach, calm and encouraging with

Mike Slade, chairman of the London property company Helical Bar has learned to helm his maxi-yacht Longobarda amongst world class competition.

patient," said Slade. "We spent most of last weekend out on the Solent practising time and distance starts. Boring for him but invaluable for me. Most rock-star sailors just grab the wheel Chris is never

Slade remembers that year or two ago, once the the bars but Law spent his vounesters at the nearby Cadet dinghy world championships.

"I never knew him in the days when he was prone to like a spoilt child, so the that image sticks to him." added Slade. "He's more

and misunderstandings

occurred. demanding and unwilling to

employed Law as his guru. mentor and friend as he has "He's so encouraging and

hen Longobarda competed in the Sydney-Hobart race a most of the crew headed for afternoons coaching British

fits and tantrums, behaving story goes, so he sometimes moans to me about the way



relaxed now than I've ever seen him. Chris's little bursts of frustration have turned into a joke on the boat. When he stamps his foot, the whole crew stamp

Gamesmanship and pushing rules to the limit have always been part of of big-time sailing, with its quasi-judicial protest rooms and appeals to the jury. Law has tended to react to any approach to cheating or bad sportsmanship like a

vampire to garlic. In the 1995 America's Cup his Australian residency qualified him to helm the yacht entered hy veteran

Sydney owner and helmsman Syd Fischer. It could have been a huge opportunity for the British sailor but there was a

Law deliberately threw a crucial race rather than win with a question mark over him. Fischer sacked him very publicly, with the scorn with which only frustrated Australians are capable and another bridge was burned.

It was the attempt hy millionaire sailor Peter De Savary (another close and loyal frieod) to mount a 1988 America's Cup challenge

that pushed Law over the

edge. He was to be the front-line management and the sailing talent.

Sailors are very susceptible to the hype and adrenalin that surrounds big ne rene later. "I had a stress hreakdown caused by trying to run a Cup team at the same time as becoming divorced in the most painful way. You wouldn't believe how much physical pain can grow out of meotal

suffering. I've heen places oo the pyschological map that I didn't know existed." But he says self-pity was cured by a spell as a volunteer, at De Savary's

insistence, on a childrens' considerably.

cancer ward. Despite the daunting personal history connected to it, the America's Cup is once more at the centre of Law's personal agenda. He is determined to froot a British campaign to see danger signs.

challenge successfully for the Auld Mug at a regatta to be held in Auckland during 2000. In April he took a crew to New Zealand for an invitatioo event. Despite lack of experience in the hig 80ft International America's Cup class, Law's meo swept the board among the challeogers and impressed the Kiwi holders

Ominously, there is a simmering financial dispute between Law and the Royal Dorset Yacht Club who are the official entry for the oext Cup. M learned friends are sharpening their quills and there are friends who

He remains relaxed and says he will do nothing to jeopardise Britain's chances of winning back the trophy it lost in 1851. "I'm free, unencumbered and will go anywhere to hring this about," said Law as he headed for the gym. "It's my hunger in life. My

### Close encounters can be catching

The wily craft of close fielding is surely akin to psychological terrorism, writes Teresa McLean

splendid covers fielder of the 1960s, once said that catching is only half the story; the other half is gathering and throwing." A real covers

Most specialist fielders reckon their position involves a main helping of one particular skill, against a noble background of the other two skills. If covers fielders do mind equally about all their skills, they often pride themselves on their throwing

above all else, because that can have such dramatic results, with gathering counted as a necessary part of it. In England's unexpected clean sweep of the Texaco one-day games against Australia, the Oval match saw no less than four Australian

batsmen run out, Robert Croft and

Phillip De Freitas removing the openers with direct hits on the Although Nasser Hussain did not play in the one-day games, ha showed in the Tests what a fine covers fielder he can be, lithe and fast. At short cover, he is an

unsettling presenca for any

At Edgbeston, Alan Ealham in the first innings, then Hussain in the second caught Michael Bevan off the shoulder of his bat, defending himself against a short, fast ball. When the bowling is lively, a close fielder on the off side can exert a psychological pressure on Bevan in the manner that is much favoured in the wily repertoire of the close practioner.

The last time the Australians were here in 1993, David Boon at spin bowling, possibly a defenmade something of a speciality of sive touch at pace bowling, possifielding at short leg, where his hly the planned beginning of a over-hanging threat, little more cover drive. It does not matter. fielding pressure on both sides of distinguished joh of it; he would than a yard from the batsman, was Though onlookers find it hard to the wicket, so that by the end of not have been unpadded or put out a star.



Shame Warne traps England's John Crawley during the third Test at Old Trafford earlier this month

he missed the catch that he had to gather and throw, any running involved would have been an insult to his image. But then Boon was a close flelder.

They do not always manage to taka their catches hut their presence often intimidatas batsmen. Whether or not sledging is part of the process in Anglo-Australian crickat is comparatively unimportant.

Much more important is the implied partnership between bowler and close fielder, designed to induce a shot into the fielder's hands - possibly an uncertain prod

the taking of a catch. It was only if believe, the arrival of a close the innings the English batsmen fielder can make the batsman as nervous as that self-same pair of unprotected hands.

England captain of the 1950s and 60s and a psychological terrorist on the field of play, explained the process perfectly: "I have only to perch myself at short leg and just stare at some of 'em to get 'em out. They fiddle about and look away and then they look back to see if

I'm still staring at 'em.

"I am. They don't stay long." Anyone who watched England's batsmen shrivel into failure at the hand of Shane Warne at Old Trafford in the last Test will have noticed that howling pressure increased in tandem with close the game, even if he made a less

were surrounded by predators. Mark Waugh is an expert at "reflex positions": slips, cover Brian Close, Yorkshire and point, short cover; but most of them were good all-round fielders who were brought in closer round the batsmeo as the innings collansed. It is almost as if the positions rather than their occupiers were the centres of strength.

The pivot of all the Australian fielding was Ian Healy, the wicketkeeper, who stood out at Old Trafford as Warne's partner in his destruction of his victims. He harrassed, caught, stumped; he almost picked the ball off the bat.

It is true that his position behind the stumps was guaranteed within in the open field. Wicketkeeping is a fixed speciality amid fields that are always opeo to adjustments by the captain.

Wicketkeepers apart, this summer's series has oot so far produced any outstanding specialist fielders. Instead, it has produced some passages of excellent fielding by both sides, which have raised team morale and improved team performance.

On the morale front, England's lamentable session in the field at Lord's, wheo one dropped catch led to another, either in the outfield or close to the wicket, reflected the team's sinking spirits with bleak clarity.

If England have oot got many specialist fielders, we must have fielders of overall high quality. Retired folk watching present-day cricket matches sometimes point out that in their day, bowlers and batsmen tried each others' jobs in the oets, to help them learn to "read" each other's stances and grips. I asked one of these gents recently if fielders too had ever takeo a turn at either of these jobs. but he laughed and said fielding in his day was a humbler and "less flashy" occupation than it is nowadays.

Nevertheless, 30 years ago. Bohhy Simpson. mentor of Sheahan the covers fielder and a great figure in the Australian slips, where he revelled in taking catches flying too fast to see, always rated anticipation as the key to good fielding, whatever distance from the bat.

He has always been able to spare a sadistic chuckle for the fielder. whose task is to master fielding bowling and batting, no less, if he wishes to do his best. If ooe cannot be a specialist, one must at least be







ture shows said it all: Hollywood wives Kate Capsbaw and Rita Wilson in vintage-Demi Moore in a simple hlack Galliano alipdress and ruffled cardigan, Princess Pavlos, nee Marie-Chantal Miller, in easy-fitting aoft green Chanel, the crophaired Princess Rosario Saxe-Coburg in a plain black vest. American financier's wife Nan Kempner, twice as old and twice as thin as any moment. Ivana Trump, in an acid yellow power suit. was

the only throwback. both a new mood and a new client, a combination that may well see off Pierre Berge's warnings of an industry defunct by the millennium. As Yves St Laurent's partner, he is probably eating bis words - Yves wear was some of his best-

received in years. as rich as ever. The French styles. couture establishment may have squealed when Bernard Arnault of LVMH installed John Galliano and Alexander McQueen at two of his



01545 570 904

marques, Dior and Given-

Katoucha, who emerged show which reduces those from retirement to he the famous faces to tears of designer's muse for the sea-

headers and embroiderers.

Givenchy veered from the Pierre Balmain was as fresh Highlands of Scotland to a vision as his gamine pin-China and Catholic Spain atripe tailoring and furbut majored on an 18th cen-tury frock-coat shape, the perfect vebicle for both talnly into modernity. In McQueen's tailoring skills what has sadly turned out to and rich embellishment. Gal- be his last couture collection liano is an old hand at of them. is a couture peren-nial who always looks of the siècle world tour for Dior statement - Versace's Space was so haunting, romantic Age shoulder extensions and and beautiful that even the wickedly whittled leather imposaible-to-wear show- looked forced, though the

it all their own way, and other shows produced the heart-stopping high spots of energy of his marvellous pure and sumptuous evening rough-woven tweed or hand- finishes and hody-hugging painted devore velvet - were shapes, teetered on the tarty. The mood, like the clients, in effortless-looking pouffes, is younger, less formal but swirls and delicate lingerie

Jean-Paul Gaultier trans- by. ported us to the steppes of Hungary, with swirling, furtrimmed coats, bold black In a show of many beautiful lace and hussar braid, giving romance to his impeccable tailoring. His move into cou- erences to other designers ture has encouraged other Yamamoto's quirky tailornon-traditional designers ing Calvin Klein's minimal such as Adeline Andre and asymmetry, Helmut Lang's ex-Balenciaga Josephus Mel-chior Thimister who, both in even a tattered New Age vertheir own ways, pursue a sion of Galliano's Belle fine, delicate minimalism, to Epoque, with dreadlocked

show small special-order col-lections.

In a special and shredded net, feathers and lace among St Laurent provided the wild tresses. The effect was most dramatic moment, of a sportsman who has diffiopening his show with a full culty figuring out his oppolength sable coat (fur-farm- nent's game and tries every ing is big couture news) shot in the book. But never prowling the catwalk on the underestimate Lagerfeld. panther-like African model Next season it could be his

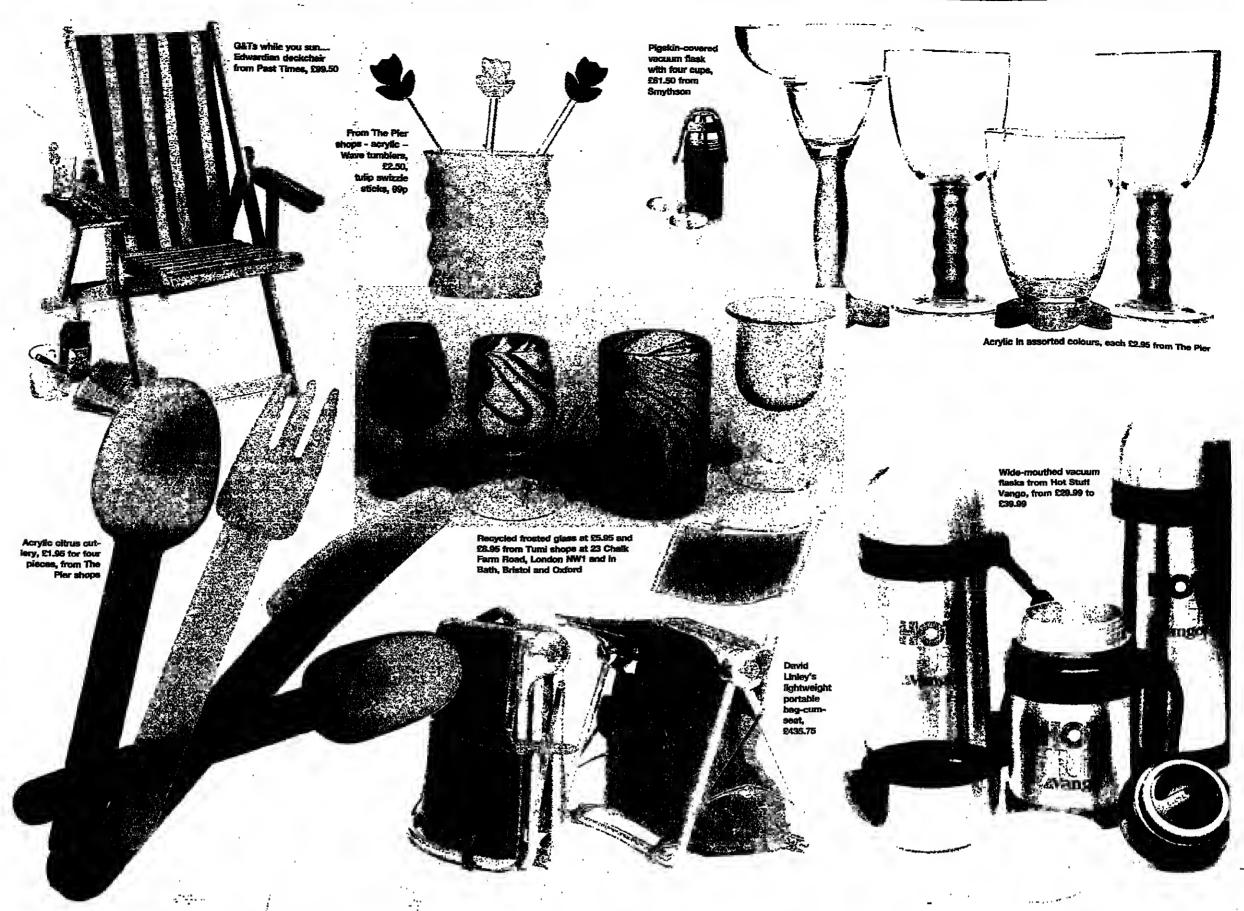
rose-strewn wedding dress in McQueen's collection for dusky autumn colours for

- and couture was always There is unquestionably stoppers will doubtless be toga-dresses in "liquid" oth a new mood and a new worn, for the sheer fun of it. chainmail reminded us of The Brits have hardly had just how innovative Versace

could sometimes be. Valentino put all the which only couture is capa-ble. Christian Lacroix's exu-berant art fabrics – hrilliant workrooms into embroidery and hrocades that replicated animal skins but, in metallic workrooms into embroidery encrusted with textured lace. Ungaro's lace trims and draped wraps have a light touch but the late 1990s seem to have passed them

> Then there is the enigma of Karl Lagerfeld at Chanel. but sombre, stormy things, there were strange ironic ref-

### HOW TO SPEND IT



## Don't be hampered by the weather

Picnics are a tradition for the British. Lucia van der Post finds help is at hand for those determined to eat outdoors

shawl, the waterproof rug and thermal underwear are what the true supporter of British summer rituals requires rather than tha diaphanous little bits of whimsy which most of the fashion designers have prof-fered this season. Magazines are filled with pictures of parasols to shield us from the sun, sunscreen creams to preserve our skins and hotweather kit to keep us cool. Chance would be a fine

Many of summer's events still lie ahead - Henley, Wimbledon and Royal Ascot are over but there's polo at Cowdray Park and Smith's Lawn Windsor, cricket at Lords, Diamond Day at Ascot, racing at Goodwood, sailing at Cowes, family pic-nics and outings still to be enjoyed. As I write, the skies look gloomy and rain is forecast. Those determined never to let the weather interfere with their pleasures need to plan ahead.

The picnic is, of course. the centrepiece of many a British summer occasion. According to the Oxford Dictionary this is simply "a meal taken out of doors" but a four-person fitted picnic as we well know from experience there are picnics and picnics.

There are soggy sandwiches and droopy salads and then there are the sortthat Water Rat supplied coldtonguecoldhamcoldbeef that he had to cry "stop!".

Picnics don't need to be great food writer, could the eyes by describing the exquisite simplicity of a picnic with perfect cheese, rough bread, flavoursome tomatoes, ripe peaches and a labels matter, Asprey of Stanley make some of the the essential G & T (or glass tiny bit of really dark chocolate - but they do need to

The most visually pleasing simple willow ones and for those for whom the aesthetics are at least as important as the practicalities there are now huge ranges to choose from.

Optima of Water Lane, Storrington, West Sussex At £435.75 for the least RH20 8DW (tel: 01903 744111), whose products can be found in House of Fraser, John Lewis and other department stores, has devaloped a series of products designed to balp the picnicker, whether hardy or sybaritic, and the attender of outdoor sporting events.
It sells wicker hampers of

avery shape and size - from empty baskets you fill yourself, to ones kitted out with stammed glasses, china plates, stainless steel cutlery, woollen rugs and vacnum flasks. For those who cannot bear to leave their pooch behind, there's a pic-nic basket for the family dog (called the Bassett, I knew you'd want to know) and for those to whom aesthetics matter less than practicality, there are the infinitely easier to carry cool-bags. For basket, prices start at £100 and go up to about £800 for the most luxurious, tha Bal-

For watching sporting events the umbrella-cumshooting stick seems invaluable - you can sit in comfort pickledgherkinssalad in the sturdy pigskin seat frenchrollscresssandwiches- when it's dry, and when it pottedmeat - gingerbeer rains you turn the stick lemonadesodowater - that upside down and open it into sent Mole into such ecstasies an umbrella. Find it at Harrods for £99.95. Simple tripod stools, with beech frames grand - Elizabeth David, the and either leather or canvas seats with leather trim, start bring tears of nostalgia to at £35. The other essential prop for the British picnic, the waterproof backed rug.

starts at £39.95. For grander picnics where 165-169 New Bond Street, London W1, does some smart

his appears to be garden, and journeying one of the summers means some equipment is when the pashmina essential.

David Linley's portable fancy a little bit of form as bag-cum-outdoor seat, the Bantam, is one of the smartest props for outdoor life of picnic hampers are the take it fishing, to the races, use it to carry paints, photographic equipment, bird bound in pigskin leather books or even extra clothing. Made from aluminium tubing, tough nylon and leather it weighs 4.5kg and can be easily carried in one hand. expensive versioo it isn't

> London SW1 8LP. For those who can bear to forgo the traditional appeal of the willow hamper in favour of something less charming but more practical, a British company called Westfield has come up with

> cheap but it is sturdy

enough to outlive its owner.

Available from David Linley Furniture, 60 Pimlico Road,

> **Picnics** involve a journey – if only from the kitchen to the garden

a cross between a hamper and a case. It is carried rather like a suitcase with each of the four plates (bone china, of course) lying flat and face upwards.
The idea is that food can

be prepared and laid out on the plates in advance, thus The Pier has 15 shops (in cutting out the need for cartons or containers to carry the food. There is space for two wine or champagne bottles as well as glasses and the front of the case opens 5004). downwards to form a tray. The glasses are crystal and Available at £925 directly from Westfield, Freepoat NWW 6621, Preston, PR3 2XX (tel: 01772 864440).

Vacuum flasks are essen-

Street, London W1Y ODE or mail order tel 0171 629 8558) does a spleodid versioo with four cups for £61.50.

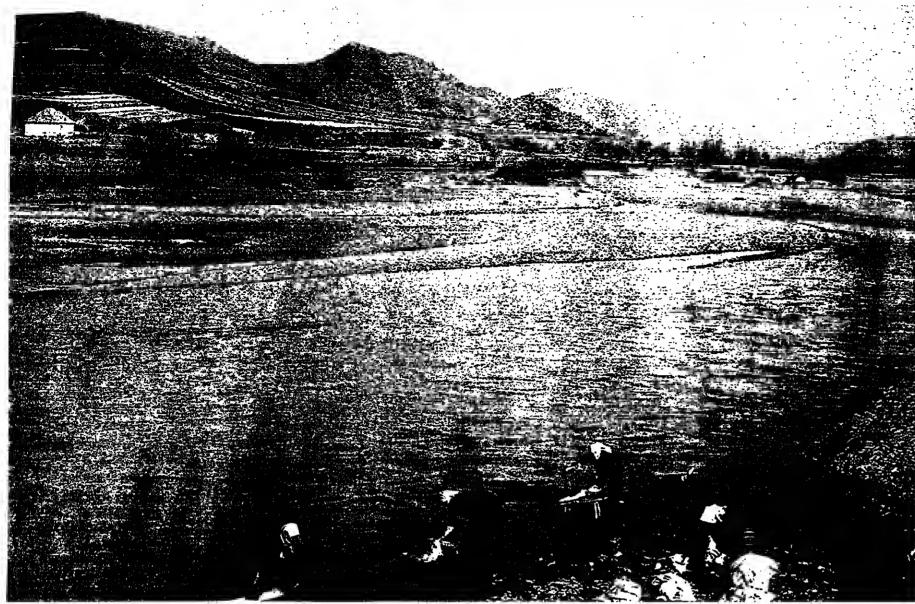
Fancier still is Hermes' version: silver-plated with a silver top and bottom, covered in wicker with tan leather handle \$385 from Hermes, 179 Sloane Street, London SW1 and 155 New Bond Street, London W1.

If the day seems to call for thick, warming soups and stews, then a wide-mouthed flask is practical - "Hot Stuff from Vango" flasks come in unbreakable stainless steel and have a lifetime guarantee. The food flask comes in three sizes, (0.7 lit-res, 1.2 litres and 1.5 litres) and costs £29.99, £34.99 and £39.99 respectively. Find them in most leading out-door shops but for a specific stockist ring 01475 744 122.

These days nsw plastics are all the rage and almost every shop has wide selections in any number of eye searing colours. For an inexpensive selection, The Pier is worth checking out - glasses for almost every conceivable drink come in wonderful colours and st quite astonishingly low prices (£2.95 each). Team them with The Pier's brilliantly coloured cutlery and you can let it all rattle away merrily in the back of the car without worrying. London at 91-95 King's Road. Chelsea and 200 Tottenham Court Road, London W1) but it also has a full-colour mail order brochure (tel: 0171 814 Finally, if the sun ever

does shine and you feel like the cutlery silver-plated. a little gentle R & R, Past Times does a solid beech rendition of an Edwardian deckchair (they knew how to take their R & R seriously) with a good sturdy side table tial to the British picnic - to slot into the arms to hold sturdiest (should you have of Chardonnay if you prefer). plans to drop one from an A single chair is £29.50 but Feel the An elegant Grand oasis in Hyatt the midst of Erawan a bustling city. Bangkok. Service that eitorilessly blends serenity and eificiency. State-of-the-ari business facilities that put you in control. A warm That welcome that gladdens the heart Feel the Hyatt Touch





## Where Rome feared to tread

The Maramureş may well be part of Transylvania, writes Caroline Juler, but it is still a place apart

an impregnable barrier of mountains In north-west Romania, the Maramures is a place apart. It is a virtual island, surrounded by jagged Carpathian peaks on three sides and by the River Tisa on the fourth, and its people have preserved a way of life that is more reminiscent of the 1930s than the 1990s.

Maramures from the high passes to south and east, yon feel you are entering a separate country, something the shattering hus ride over the Moroșeni, as Maramureș Guțăi pass from Baia Mare, inhabitants are known, an industrial city whose would heartily endorse. They are typical mountain folk - vigorous, bardy and clannisb, intolerant of fools greeted with frank but polite but generous to a fault. They curiosity by a group of pride themselves on their pure lineage from the Dacians, the late Iron Age people wbo lived in Romania before the Romans invaded. The Romans didn't waste time in trying to enslave the Moroșeni and bought salt from them instead.

The Maramures is a paradise of uninhabited valleys, uncultivated forests and tiny villages where the houses are mostly made of wood. Its churches are wooden too. Dating mostly from the 18th and 19th centuries they are

ucked away behind extraordinary, with soaring, one sporting a smart, red needle-thin spires and shingled roofs which sweep almost to the ground on either side of high ridges

like the wings of huge birds. The villagers cherish these huildings; you can tell this as soon as you walk inside from the warmth and liveliness of the decoration. They are special because they are still the focus of village life Crossing over into the and have not yet become museum pieces.

My first experience of Maramures came after a nervename, appropriately, mean Big Mine. When I arrived in the village of Desesti I was women in white blouses and short, full skirts who were chatting by the roadside. Each one, stocky and ruddy cheeked, was wearing a head scarf and shouldered a large wooden rake or a scythe or balanced a large wicker basket jauntily on her hip.

Further down the dungapeckled road, a herd of water huffalo lolloped grudgingly along to evening milking and every so often a rubber-tyred cart laden with wood or hay went past pulled by a team of horses, each

tassel on its bridle.

The tassels are supposedly there to protect the animals from the evil eye but more probably they are a fashion accessory; horses are a great status symbol here because hardly anyone has a tractor. Buffalo and oxen, which also work as draught beasts, come further down the social scale and don't merit tassels.

> Its people preserve a way of life that is more reminiscent of the 1930s than the 1990s

Desesti is about 25 miles from Baia Mare, but, like all the small villages strung valleya, it is light years sylvania in terms of lifestyle and culture. My contact, Par- my arrival. asca, had only heard of me the day before (we had a men don absurdly small

vania), but when we spoke

expecting me as soon as I could get there.

> the local exchange. It was a scene out of Dr Finlay's Casebook, eastern Europestyle: the exchange was a 1930s plug-in affair, and householders lucky enough to have a phone had to go through the operator.

> l waited, virtually mute words of Romanian, until Parasca hounced in. She beamed at me and in her near-perfect French said. ing with the news: an Englishman has arrived in Desesti!" My jeans and short bair were obviously not de rigueur for females. Practically everyone wears

their traditional costumes for work in the Maramures: men wear white shirts. sheepskin waistcoats and black trousers, while the along the Iza and Mara women wear the headscarves and knee-length, away from "mainland" Tran- full-hodied floral skirts which had surprised me on

On special occasions the mutual friend in Transyl- straw hats which have embroidered ribbons around

over a crackling phone, she the rims, and the women rolling away like waves far told me with typical Moro- wear their double woollen seni elan that she was aprons (one at the front and one at the back like a wraparound), patterned with broad After getting out of the black-and-red or black-and-rickety bus I called her from orange stripes.

in spring and summer the alpine meadows above nlan is still spoken there, Desesti are thick with flowers and herbs; gentians, dark red pinks, willowy daisies. purple-and-yellow "sisterand-brother", thyme, myrtle bushes and mulberries. We went mushroom hunt-

tracks we stopped to greet what you think, before Marathe local tuica (brandy) mures is truly lost. maker and warm our hands wooden farmyard gates, 15 and 20 feet tall. They were carvings that originated in the Neolithic period, and served as badges of honour for the nemeși, the Maramures' medieval aristocracy. I was told that practically

orchards and open fields stands of corn and maize and amazing haystacks like huge inverted lollipops, we gazed out over romantically mist-covered mountains

every family had once

belonged to the nemeși.

to the north, beyond the border where the Romanian Maramures meets its Ukrainian counterpart

Two-thirds of the historic Maramures lie within Ukraine, but although Romathe churches and most of the traditional customs bave gone. Dumitru luga, poet and director of the Centre for Popular Crafts and Folklore in Baia Mare, will tell you that the Maramures is thanks to my few, halting ing there at dawn. On the the hirthplace of European way up the rutted cart culture. Go and find out

For details about accomm The whole village is buzz- at his gleaming copper still. dation in traditional Mord-We passed magnificent seni farmhouses, contact Victoria Berbecaru at 687 Botiza. jud. Maramures, Romania, decorated with symbolic tel Botiza 7 or Georgeta luga at the Centrul Creatiei Populare Maramures, Piata Libertáții 13, PO Box 26, 4900 Baia Mare, tel 004062411560.

> Georgeta is nn ethno-ar chaeologist who can organise tours and provide information about local crafts. Alter-Higher still, above the nntively for accommodation try Antrec, PO Box 22-259. with little rectangular Bucharest, tellfax 00401 2228322 or tel 2224462 or 2226327. Blue Guide Romania by Caroline Juler is due to be published by A&C Black next

### update...update.

□ NORTHERN SIGHTS: See the sun rise in the west on an overnight Midnight Sun trip leaving Heathrow at 9.55pm on SAS airlina: as you head north to Tromso, 200 miles past the Arctic Circle on Norway'a coast, sunset goes into reverse. On arrival, you get a coach tour of a sunny but sleeping town, then a cable car ride 420m up Mt Storsteinen, with spectacular views of the town, the harbours (the Tirpitz was sunk in one of them during tha war) and the snowy mountains. Return at 6.25 next morning. Available twice a week until July 31 (when the sun starts setting again), for £159. Book through Scandinavian

A.T. Mays (+44 0541-509050). ☐ EASY RIDERS: Hire a hog with Destination USA fly-drive routes along Route 66 (you'll see Amarillo. . .) or the Californian coast use not cars but Harley Davidsons. Wild One wannabes should call +44 0171-253 2000. All together now: "Born to be willild, ..."

+44 0171-839 2927) or

Travel Service (+44 0171-559 6666), Scantours

□ TOME OF THE OPERA: Opera Lover's Guide to Europe takes you round the great houses: Covent Garden, La Scala, L'Opéra and more, with maps, history, composer biographies and gosslp; written by Carol Plantamura, £12.99 from Robson Books (+44 0171-323 1223).

□ WOMEN'S WORLD: Women are more adventurous than men, and make up 56 per cent of travellers on its trips, says Explore Worldwide adventure holiday company. Fittingly, the Amazon is one destination in Its brochure; it also does Mongolia, Patagonia... call +44 01252-319448.

SWISS ON ROLL: Sterling is up 33 per cent against the Swiss franc in the past year, and the place is empty; so now is the time to go. Try a fly-driva from £210 - return flights and a week'a car nire – from Maior Trave +44 0171-485 7017.

SLEEPER: As the train thundered through the darkening countryside. Holmes studied Thomas Cook's new Guide to European Night Trains, £7.95 from bookshops. We'll catch up with Reichenbach Falls, Watson," he said. .

☐ UNICEF Change for Good scheme, collecting unwanted foreign coins from British Airways passengers, has raised

☐ HIT THE HAY: Save fossil fuels - take a horse-drawn caravan holiday in the Brecon Beacons with Acom Activities (+44 01432-830083). There ara four berths, and a tant for overflows; you stay the night at farms for £5. Cost: £475 a week for up to six; maps and hay included.

☐ CAMEL HUNT: Wild Sactrian carnels, unique to the Gobi desert, may now number only 300. Discovery Initiatives is mounting an expedition next month to find and record them; you can join in, travelling by camel, horse and Jeep, at £2,695 for 21 days. Call +44 0171-229 9881.

☐ FISH FULFILMENT: The new Hotel Monaco in Seattle provides guests with fax machines, voice mail, CD player, valet parking... and, on request, a goldfish, with a name, a bowl and some fish food. Call +44 (800) 945-2240.

3

☐ COLD SPOT: Tourist numbers to Antarctica in 1995-96 reached 9,000. double the 1990-91 figure; most were on cruise ships. Seal and penguin colonies. historic explorers' huts and scenery are the big draws. Worried about the effect on the environment, New Zealand has published rules for visitors but agrees they cannot be mada binding in a continent where 12 countries have territorial claims.

☐ MOOR IS LESS: Self-cater in what Helpful Holidays claims is the most remota inhabited house on Dartmoor, 18th-century Stannon Farmhouse; from £242 a week, Aga! Two Inglanooks! Details on +44 01647-433593.

☐ ARMCHAIR RIDES: You can book tickets at 150 theme parks, tours and shows in North America and Europe from your sofa, via Seligo on +44 0121-643 4321, Also bookable: New York helicopter rides, Blue Mountains tours in Jamaica, visits to Alcatraz, and a special Florida offer.

☐ CIGAR SMOKERS have two bedrooms set Athenaeum Hotel: call +44 0171~499 3464.

□ OKTOBERFEST in Munich starts on September 20; Moswin's Germany offers short breaks on +44 0116-271

VIETNAM by cycle, train, boat, elephant. . . and air-conditioned car, with Kumuka: +44 0171-937

□ ROBBERY is a serious risk at Polish rail stations and on trains, says the UK Foreign Office.

John Westbrooke

## Descent into the heart of a river city

Step by downward step, Nicholas Woodsworth peels away the layers of Oporto's mysterious past

has, among other civilised amenities, a delightful old lift. It is equipped with that rare thing, an elegant, upholstered bench. Not long ago l found myself firmly ensconced upon it, pleasurahly rising and falling past floor after floor with no particular destination in mind.

he Hotel Infante

de Sagres in the city of Oporto

For one thing, Oporto is a hilly, up-and-down sort of place, and after hours of energetic wandering I found it rather a comfort to find myself mohile without having to move a single, weary muscle. For another, the lift was snug and comfortable. an ideal spot for quiet reflection. And I needed to reflect. I had lost my bearings.

Most cities, no matter how complex, have a dominant signature note, an overall ambience created by history, kind of way, on the sloping geography or climate, by architecture, human temper- them on every hand, masament or professional activ- aive and stone-carved ity. Cities can be industrially reminders of what could gritty and hardworking, stu- only have been a glorious dious and academic, pennypinching and mercantile, pinnaclea of dozens of bawdy and pleasure-seeking. tbeocratic and beaven-seeking. They can be forward or backward looking, intraverted or extraverted, coldshouldered or welcoming.

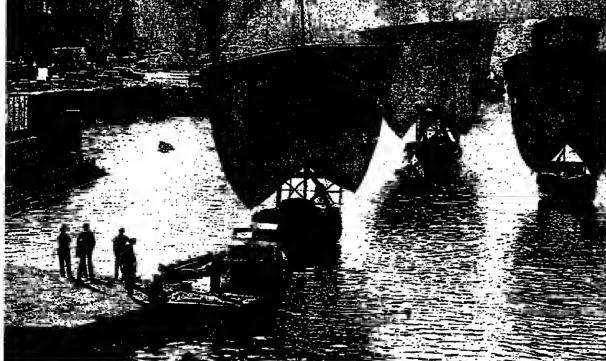
somehow, was noticeably

What I needed, I decided, more clearly. And not just grander than that provided the height provided by the by the Infante de Sagres lift,

Reluctantly surrendering it, I made way out through the lobby, into the street, and over to the Torre dos Clergios, the tallest church tower in Portugal.

Some 225 puffing steps later, all of Oporto lay at my the Atlantic Ocean and a vast, constantly changing maritime sky. There were parks and plazas with intricate sidewalk mosaica in hlack and white cobblas. There were ornate public buildings, and monuments and statues to unfamiliar heros. There were densely packed red-tiled roofs, poor and decrepit in a third-world hillsides. And rising above age, were the belfries and

churches. But what stood out most in this landscape, what dominated the entire city, was the green-grey, snaky Douro River that flowed to the sea The trouble was that I had at the bottom of tha city's wholly failed to get any such steep slopes. Everything handle on Oporto. I felt as hills, roads, buildings, the lost as I ever had in modern entire city - seemed to conwestern Europe. Oporto, verge upon it. Perhaps down there I would find something out of time and place, but in that made sense of thia its peculiarity I could dis- bewildering place. And so, step by atep, I began my drop down to the Douro. As was the height to see things descents go, I found it even



The River Douro at Oporto: 'everything hills, roads, buildings, the entire city - se

for it travels down every age this old and richly diverse city has lived through.

Take for example, the service station that sat on the Praça de Lencastre below my hotel. Most cities can boast a bit of art-deco ornamentation. But in Oporto, where the clock stopped tick- river, the closer I ing somewhere in the 1930s, art-deco is about as modern as any building gets. Lying around unselfconscious and boxes and red pillar boxes niences, elaborate ceramic pillars and cellings.

unremarked are not only gorgeous art-deco cafes such as the nearby Majestic or Brasileira, bnt art-deco hotels, restaurants, cinemas and even service stations.

But that was only the beginning. The further I headed down towards the approached the mysteries of

dade? Or the Feltoria Inglesa, the "English factory", one of numerous Oporto buildings that in Palladian style reproduce the neo-classical buildings of 18th century England? The proudest possesion of the Passeio Alegre gardens are Oporto's past. What about not, in fact, its gardens, hut the old British telephone Its British public conve-

tbat sit on the sidewalks urinals imported from below the Praça da Liber- England. What brought such incongruous things here. And what, I wondered, brought the vast wealth that built Oporto's magnificent baroque churches? In the

Church of San Francisco, still nearer the water, my iaw dropped at the extent and detail of the rococo gilded wood-carving that dripped from altars, walls,

stone cathedral that looms on a high hluff directly above the river. I left behind the haroqua and plunged into an earlier medieval age. The Sé Itself is of 12th century romanesque construction and looks more like an austere fortraaa than a cathedral. More inviting were the crowded medieval streets that ran to the foot of the Se. Here were tall, narrow

houses cramped togethar. their facades intricate compositions of coloured ceramic tiling. narrow iron balconies and hanging laundry swaying in the breeze. Here too were antiquated huinesses - old ahops with dark interiors, wooden panelling and glass-fronted cabinets; fusty ecclesiastical establishments selling gory crucifixes, soutains and communion chalices; tlny, archaic hars containing strange bottles, hanging hams and whiskery men; antique barber shops where straight blades were being stropped to turn the whiskery men clean-shaven.

Oporto is as remarkable for its human presence as for its monuments and period architecture. Down the stairways and steep cobbled alleys below the Se I plunged towards the water. to Oporto with TAP, tel 0171 in few other cities in Europe have such poor, dishevelled and atmospheric quarters remained so long untouched by urban renovation, There

strange, dank odours, children apilling from low, cramped quarters to play in narrow streets. But there were tonches of southern sensuality - vines growing on whitewashed walls, pots of hright geraniums, sad atrains of fado floating through open windows. And so, at last, I reached the old quaya on the Douro and found the element that makea Oporto so uniquely Oporto - the river itself. The very name of the city

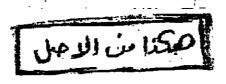
is an ohvious clue. It was the river that in Roman times encouraged the growth of two trading towns on opposite banks. Portus and Cale eventually giving the whole country its name. It was the river that that saw Prince Henry the Navigator, a native of the city, sending off Oporto caravels to discover naw worlds of great wealth, it was the river, too - or at least its banks - that in return gave the world port wine and firmly established both its commercial reputation and English merchants in the city. Oporto leads to the river,

FORT

Ser.

and the river leads inland to further mysteries, many of them alluringly vinous. On the quay before me 1 spied the Vistadouro, a cruise boat that would head upstream next morning. I would take lt. But first I had a journey to make under my own steam, I knew, and began trudging up Oporto's steep hillsides.

Nicholas Woodsworth flew 828 0262. His stay there was organised by Spanish and Portuguese holiday specialists Mundi Color, 276 Vauxhall Bridge Road, London was rusty corrugated iron, SWIV IBE, icl 0171 834 5752.



### TRAVEL

## Bold echoes of Washington's first post

The Mayflower mentality is thriving in Virginia in the first town to bear the first president's name, writes Clare Frankel

(Big) Washington, DC to (Little) Washington, Virginia, takes a scant 90 minutes through some of the loveliest country in America. Rolling farmland makes it as ideal for apple orchards as for foxhunting. This is famous Civil War territory, with signs pointing to the battlefields of Bull Run (Manassas), now a national park.

George Washington did not sleep here, as claimed by more towns than he had nights, hut in July 1749, as a newly licensed 17-year-old surveyor, he divided Washington, Virginia, then an Indian trading post, into 51 lots: five parallel north-south streets and two running east-west. Yours for the asking if you built within 20

The first of 28 towns in America to be named after the first president, this hamtier town in the 18th and 19th centuries with stagecoach routes conrsing through it.

Today, it is a gentle, modest village of 189 people (including tha 16 in jail) slumbering in the shadows of the Blue Ridge Mountains, delighted to be hypassed by the highway to nearby Skyline Drive and the Luray

Original log houses covered with stucco have survived, along with pre-Civil War slave quarters and the old school house. It is little changed with its original street names and, of course, no traffic lights - there are none in Rappahannock

Not surprisingly, a numacross the street. "Miss Ruhy", in particular, has made the First Washington Museum, the county's only museum, her life project -

he 70-mila drive hobby out of control but she southwest from has mada this showplace, once a tavern owned by her 18th century kitchen (pots, pans, turkey feathers, handwoven tahlecloths, handwritten cookbooks dated 1832 – dandelion wine and Republican cake, for examdesks carved with initials, glass inkwells for eight to 20 pupile and a 19th century report card on 18 subjects, among them rhetoric and orthography; a third room filled with town and county history, including ball gowns worn by residents to various presidential balls since 1867

> This is a gentle, modest village of 189 people (including the 16 in jail)

and a large portrait of It is a real hands-on museum where you can touch the articles so lovingly

Peter Kramer is creating museum pieces of the future. Personnel manager for Radio Free Europe, he lived in New York City but had always wanted to make furniture and hegan doing so while there. Seeking less confusion and a more relaxed style, he found a farm naar Little Washington in 1970 and fell ber of the townsfolk live in in love with the town. "Aluthe houses they were horn minium siding companies in Ruby and Mary Jenkins and fake stone guys never on Main Street have made a made it here; not enough marvellous contribution to money for them," ha says Little Washington just gratefully. "If I'd had the money, I could've bought the whole town." As it was, he bought seven properties and in one of them began producing one-off fine wood pieces, She says it's a childhood making in the showroom.

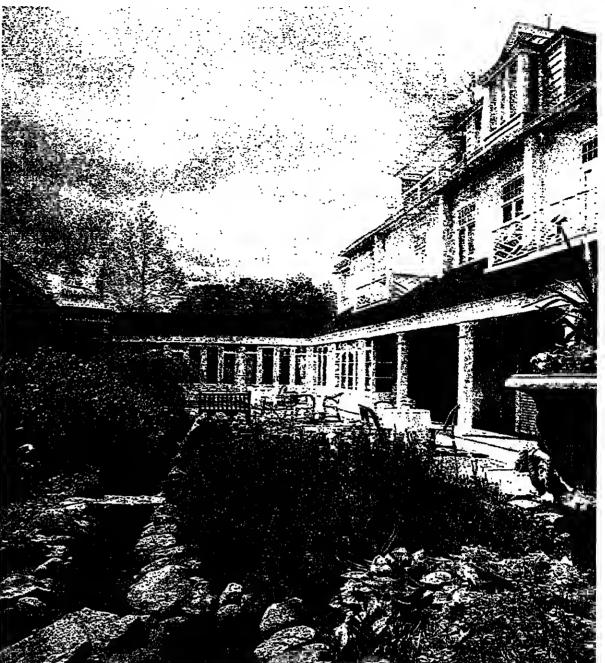
about joinery mathods or hand-ruhbed varnish finfather, into a three-part ishes. He demonstrates "the walk- through history: an emotions of the colour combinations" which go into his reinterpretation of traditional furniture - chests, breakfronts, tables, the lot. "Making furniture is my occupation, but more than ple); a one-room school with. that it is my art form," he says and his reputation is appropriately extensive. Nearby is jeweller Chris

Goodine's shop. From New Hampshire, Chris moved to Virginia in 1976 and 10 years later to Little Washington. While living on the coast of Maine, his distinctive "wave-link" design began developing. It was not a conscious decision, but something he calls a combination of calculation and coincidence producing a sensnous, some-

times-complicated movement

in silver and gold links. We talk about tourism. He says: "People who 'discover small communities can kill them. I live mostly on the tourists but the town must be careful not to lose its charm." One of the residents has tacked a sign on her front porch which reads This is my home. Stay off our porch.

You hear a lot of that kind of talk because the town has a hate-love relationship with its most famous inhabitant (since G. Washington). The Inn at Little Washington opened its elegantly low-key doors 18 years ago and immediately established itself as "America's first and only Five Star, Five Diamond Inn", part of the Relais et Chateaux group. It brings people to its restaurant and 12-room hotel from all over the world, often in a limousine from Washington, DC, or hy helicopter, to the annoyance of some of the townspeople, When I asked one of them if the inn had put Little Washington on the map, his response was "I'm not sure we want to be on the map. Our sorta rural way of life is what's appealing." The so-called "Mayflower" mentality lingers on. But visitors also walk around and huy furniture



The lnn at Little Washington: understated on the outside, flamboyant and dramatic inside

and jewellery, antiques from at the inn), they might visit (along with partner Reinthe charming, eclectic Rare one of the two theatres and Finds, art from Middle Street lunch at any of four possible and Wildflower galleries. locations. Also, the food and crafts from the Rush River Gallery and hooks from Cabin Fever. Possibly stay the town's coffers. ing at one of the B&Bs that

beverage tax collected from the inn is no small item in

Patrick O'Cormell, the inns have tried to be as have opened (in order to eat inn's hrilliant chef/owner unohirusive as possible, and opening it and finding extra.

understated on the outside flamboyant and dramatic inside.

"It's like the whole Moroc"It's like the whole Morochardt Lynch) shrugs. "As Churchill once said, you're never a hero on your own turf." Small town controversies are not unfamiliar to

Relais owners and he says

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riches beyond imagination inside: a courtyard of magnificent couches and 70 or 80 servants hustling about."

And that, in miniature, is what has been created by Juyce Evans, their London designer. Working on the rinciple that everyooe likes to go to the country but not oecessarily to camp out, an eccentric Xanadu has been created out of a former pet-

The stained-glass cetting of the two-storey entrance hall, the luxurious contrast of col-our and fabric everywhere. the bits of unexpected bumour, such as the unceremonious ceramic dog curled under a table, all enshrine the notion of exceptional and unusual delight.

Then, of course, there is the dining room: one of the world's few great restaurants where you can talk without screaming, oo Musak and oo strolling violins, no neighbour so close that we learn when he sold

IBM. And no smoking. White-clothed tables with pink-fringed lamps, fauxmarble wainscoting, William Morris wallpaper and brown velvet baoquettes provide the perfect ambience. First course selections - there were 11 of them - included a napoleoo of potato crisps and Maine lobster with caviar, a slab of foie gras with poached pears and Sauternes elly, and home-made Rappahannock rahbit sausage with sauerkraut braised in Virginia Riesling on a fig and apple coulis, Sorbets and salads came next.

Then aoother painful choice of 12 main courses such as "a portabella mushroom pretending to he a filet mignon with a roasted shallot and tomato fondue". Can you believe we managed des-sert? "White chocolate mousse in bed between dark silky sheets."

ton, Virginio 22747. Tel: 1-703-675 3800; fax: 1-703-675 3100. Standard rooms from like the servants' entrance \$240. Fridays and Saurdays

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### PROPERTY

# Conveyancing on a cloud of grief

Robert Liebman is an advocate of thinking the unthinkable

ne of the most traumatic of all conveyaocing complications is as rare as it is upsetting -the death of the seller after exchange of contracts hut before completion. This is "a nightmare for every cooveyancing solicitor", according to Edward Bliss, a specialist resideotial conveyancing solicitor with the central London firm of Maples

This worry is greatest for elderly sellers, of course, but young and eeemingly healthy sellers elso some times meet an ebrupt and premature end. Also, in legal dealings with the elderly. death is only one of several concerns, and statistically it may not even be the most significant one. If contracts have been exchanged and the seller dies, the seller's representatives must bonour the contract.

The speed and smoothness of completion largely depends on whether the seller had a will, and the size the seller dies intestate, an edministrator will be appointed. This procedure can be fairly rapid, but some delay is inevitable.

According to Bliss, "the difficulty is, if the seller dies, the representatives have to obtain a grant of representatioo from the probate court, and that takes time, depending oo the complexity of the can't transfer the property. case. If the deceased's estate contains little more than a ful to persuade the elderly bouse and a huilding society or bank account, then the grant should he produced within a few weeks, but a complex estate involving the seller, but it will survive trusts, overseas investments and other complicated finances can take much lon-

Some buyers may easily accommodate a delay of a nieoce for a huyer in a chain tracts had oot yet been oot surprising that simple physical condition.



who has to vacate the house he is selling without being able to immediately move into the new property," says

Geoffrey Morris, of solicitors Putsmans in Birmingham, notes that delays and and intricacy of the estate. If other complications involving elderly sellers can be caused other than by the grim reaper: "I've never personally had a client die before completion, and 1 qualified in 1962.

'Nowadays, people are living longer, and an elderly person may not have mental capacity. Their signature is therefore of oo value. They

"However, it is very helpseller or their family to have an enduring power of attor-ney. This power of attorney will not survive the death of the loss of mental capacity." A borrific Incident in

which death yielded to meotal incapacity is recalled by Harvey Williams, national housing spokesman for the Royal Institute of Chartered Surveyors. "After a sale had been orally agreed but con-

erty sooner rather than lster. A tenancy agreement is certainly the kind of thing I'd be looking into, but it is not perfect. "Most importantly, the personal representatives

exchanged, the vendor died

The beneficiary was the ven-

dor's mother, and ehe was

adjudged to be incapable of

"The matter went to court

making rational decisions.

and eventually the court egreed to the sale, but it

dragged on for an extra four

months. The chain was held

up, and although the buyer

didn't incur significant addi-tional costs, the frustration

Seller and huver alike may

want to protect themselves

against the unthinkable,

eveo though such tragic

instances are rare. Bliss says

that "if I am worried about a

client staying the course, 1

advise my client to issue an

enduring power of attorney

in favour of someone giving

the ability to complete the

pens, save for the death of

the seller. The huyer's solici-

tor can similarly inquire if

the eeller has signed over

such a power of attorney

and, if not, would they do

Other possible solutions

can be explored, although in

human and legal affairs, it is

sale regardless of what hap-

was enormous.

don't have legal title until the grant of representation is obtained, and they don't have the technical right to grant the tenancy. One could try to contractually allow the buyer to go into occupa-tion on a sborthold basis, but the seller might not find it acceptable. Recently a cohabiting

remedies are elusiva. Bliss

recalls that, in a sale involv-

ing the property of an

already deceased individual.

he was able to arrange a ten-

ancy agreement "to tide over

a first-time huyer who

wanted to get into the prop-

unmarried couple decided to separate, and they amicably agreed that he would keep their property and she would be released from the mortgage debt. But he was killed in an accident before the formalities had been completed, and because the mortgage was insured, she received the entire property outright. free of mortgage.

His parents were upset that she retained sole ownership, but there was nothing they could do about it. They could not even determine what his intentions would have been just before

The days of the long chain are returning. Demographic trends indicate rising proportions of elderly people. Motor vehicle accidents continue to account for large numbers of unexpected When property is con-

cerned, the whole panoply of legal arrangements - tenancy and ownership agreements, powers of attorney, wills and the like - needs to be considered, regardless of such a delicate realm of age or current meotal or

makes its living building homes in the south-east of England, Sunley Estates would were to have much to gain from encouraging the campaign to create 4.4m new homes in the UK in the next 20 years. So why is it lining up with the opposi-Richard Tice, a Sunley

Group director, has serious doubts about the assumptions underlining the 4.4m figure and the industry's capacity to meet it. There is a risk of covering the countryside with unwanted homes and of downgraded values. Far from being a builder's dream, it could be nightmare, he says. Tice was respooding to

the front page feature in Weekend FT's June prop-erty supplement, which questioned the need for such a housebuilding spree, particularly on greenfield sites. He argues that there is little doubt, given the right stimulus, that developers could meet all the demand for new homes on

urban sites. He suggests taxing or ban-ning greenfield development entirely. "The government must have the courage of its convictions and set a tough policy, then leave it up to the market to find a way to deal with it."

He also questions the assumption that 80 per cent of all the 4.4m new households created will consist of one person living alone. Why is the Sunley Group's experience over the last five years similar to that of most developers, in that demand for the smaller one and two bedroom flats and houses has, in fact, been weakest?" he asks. "Furthermore, in the south-east it is noticeable that more young, unmarried people are buying houses jointly with friends, perhaps due to job insecurity or difficulty in

If demand were rising so fast, builders would be rushing to buy up every available site. Tice points out. But they are oot. "Look at Milton Keynes," he says. "It is a very successful micro ecocomy, full of developmeot sites which oobody wants to buy. Outside the recently come on to the sonth-east, which is the

raising a mortgage."



On the Move

### Builder queries need for a spree

Anne Spackman on doubts over homes demand



area of hottest demand. many househuilders say the market is still struggling."

Idvllic settings Idylls for rent are always in short supply. Two have

The Mill House is an eight-hedroom Cotswold property with 21/4 acres of lovely grounds oo the Willamstrip Estate in the Coln Valley. Available for up to 10 years, it might suit someone looking to huy a country house, as well as those looking to rent. Clegg Kenn-

edy Drew in Oxfordshire (01608-810335) is esking

£3,000 a mooth. Less accessible but equally splendid is the east wlng of Fyvie Castle, 26 miles north of Aberdeen. The wing consists mainly of a four-storey tower, with three reception rooms and five bedrooms, decorated with antique furnishings.

It is to let oo the instructions of the National Trust for Scotland through Strutt and Parker in Renfrew (01330 824988). The agent is looking for a rental in the region of £1,500 a month and a tenancy lasting two years plus.

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The founder of the Pret à Manger chain of sandwich shops is selling his vast 7,000 so ft loft-style property at Bridge Lane in Battersea. Both the master bedroom suite and the main reception area are more than 60ft long, with cootemporary lighting and fixtures. There are six further bedrooms and off-street parking for seveo cars. Aylesford in Chelsea (0171-351 2383) is asking £1.65m for the free-

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### PROPERTY

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# Why eastern property prices are going west

Anne Spackman discovers that patience and persistence are necessary virtues if you intend to buy or rent property east of Vienna

fall cash might be to buy a piece of land with a view over Lake Balaton in western Hungary. In property terms this is one of the few locations in eastern Europe which might legitimately be described as up-and-coming. With prime plots currently costing less than £5,000 it is bard to see how you could

Auatrians, Garmans, Dutch and wealthy Hungarians are starting to forage for boliday homes around the shoreline. Some ara going deeper into the countryside beyond, buying up run-down farmhouses and ruined castles for about a quarter of the price they would command over the border in Austria.

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In countries where few can obtain the finance to buy a first home, this seems a particularly decadent concept. But secood homes - of the shed rather than the chateau variety - are not uncommon in eastern Europe. When the Berlin Wall came down, Hungary had a higher proportion of second home owners than the UK.

oped of the eastern European property markets, with the Czech Republic and Poland close behind. One reason all three countries. which have just secured a future place in Nato and are on the short-list for the European Union, are relatively advanced is because they introduced an effective putes over restitution follow-.

ne of the more nism. They also lead the offbeat ways of field in democratising home spending wind- ownership. But it is a slow

With high inflation, no-one has been prepared to invest in savings banks; with no savings, the banks cannot offer long-term loans. People are desperate to buy houses, but cannot get the finance; developers are looking to build, but, without mortgages, they will not have

A breakthrough came this year with the establishment of the first savings banks modelled on the German Sparkasse, Three have already been set up in Budapest. Warsaw is expected to

> For most of residential market in these countries, cash is the driving force

follow this autumn. This is the key to meeting the dard of living from the emerging middle class.

Ooe ploneering development for this market is taking place in the village of Rigtorhagy 19km from Budgnest. The plan is to build 495 new houses in a landscaped estate, with mortgages of up to 50 per cent available through a Budapest bank. It is a joint venture between a ing the collapse of Commu- British company, Central European Properties, the Swedish construction firm, Skanska, and the local the land. EC Harris, the UK chartered aurveyors, and Healey and Baker, the commercial agents, are both involved in the scheme

But for most of the resi dential property markat in these three countries, cash remains the driving force. In Prague, in particular, palms have to be crossed with silver for business to proceed. As one soont remarked it is not Moscow, but it certainly isn't London, either.

In Buda, tha desirable,

As the multinationals have expanded into new offices, many of these homes have gone into purely residential use, creating a colony of expats and wealthy Hungarians, many of whom have returned from the west. Rents for villas range from DM3.000-DM7.000 a month the currency in which ex-pat rents are set. Apartments start at DM1,000 e month. According to Michael Car-

roll of Healey and Baker the competition for apartments is fierce. "I know someone who agreed to take an apartment on a Friday, with a view to paying the following Monday," he says. "Somebody else saw it on Saturday, handed over the money and moved in on Sunday." Janos Gero the managing director of DTZ Debenham

hilly part of Budapest, many smart villas and apartment were created in the early 1990s. They were used as combined homes and offices by business pioneers who lacked the confidence to set

> many expats would now prefer to buy than to rent, but the administrative procedures put them off. "In theory, you can buy as a private person, but, in reality, it is very unusual and very difficult," be says, "It is easier to establish a company and use it as a vehicle to buy."

in Prague. David Neil, managing partner of Jones Lang Wootton in Prague, says it is very easy for a foreigner or a Czech to set up a company wholly owned by themselves in order to buy property.

The real problems come

when trying to negotiate the interminable planning system and the regulations cov-Zadelhoff in Hungary, says ering listed buildings. Paul tively be western Europe."

Barry, managing director of Why sell. with such poteo- Warsaw. A crude form of EC Harris' international business, bad to get 107 approvals for one project all of them consecutively. Then there is the difficulty of finding a place to buy.

The lucky people are those

who have - through restitution or persistence Prague, which they can persuade the tenants to vacate. They then redevelop it as luxury accommodation, keeping a flat for themselves and renting out the rest. Vinohrady is fast becoming the Knightsbridge of Prague as a result of such redevelop ments. As David Neil says,

"In five years this will effec-

road, or a little longer by train.

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tial capital gains ahead? With quality stock in such sbort supply, rental levels are already on a par with many western capitals. A rent of £600 a month for a

sidered cheap. Warsaw lags behind Budapest, though with its larger population, the poteotial for growth is greater. Foreigners are allowed to buy an apartment or a piece of land of less than 4,000 square metres, but within certain restrictions. The result is that most people reot.

two room flat would be con-

Property values have doubled in the last three years. according to Richard Petersen of Healey and Baker in like buying in the west. 4747.

estate agency is also evolving, in which potential buyers sign a contract in order but the agent does not show them around the properties. They still charge a commission fee of between 1.5 and 3

per ceot. One of the few western ageocies to have established a footbold in Eastern Europe is Max Huber, the Austrianbased firm which is Savills' associate lo the region. Many Austrians have strong links with Hungary, often through relatives living

Huber points out that buy-



"There is no recognisable property market with established prices and procedures." he says, "Most own selling a house. First you have to establish the trust, then you sort out the price then you deal with the contract. You have to be patient

and persistent." And if Hungary is too tame for your taste, be has a tip for the truly adventur ous. "Head for Kiev and the Ukraine. That has real potential.

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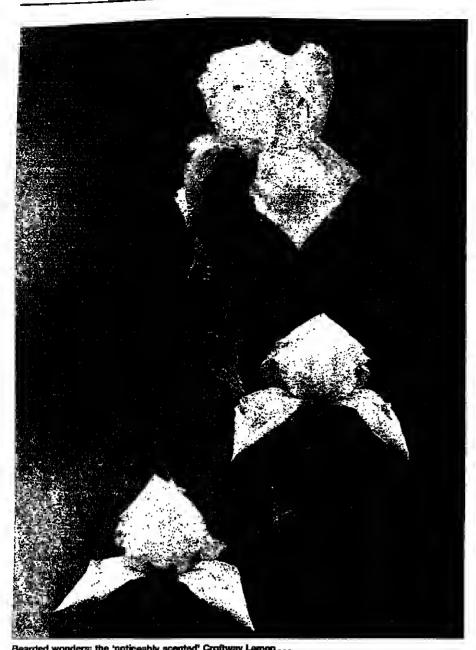
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... and the old favourite, Starshine, with its rich yellow fix

Gardening

## How to succeed with irises

Few gardens have space for an entire border. Robin Lane Fox suggests ones and twos as a focal point

mer for seven years is producing some surprising effects. 1 am not alone in enjoying a secand show of flower on climbing roses. Bigger busbes story. After flowering, trises are repeating in a curious manner with full crops on tbe likes of Rosa Golden Wings and Nevada, a sight never associated with mid-

take the credit and It has grass of our orchards. places to apply your efforts is on your border irises. They are best divided and moved between mid-July and early August if you want a reasonable show of flower next May.

The recent explosion of colour magazines on gardening has done wonders for the bigger irises' popularity. Photographers only take pictures of plants when they are at their peak, leaving the rest of the year to your imagination. Iris gardens, iris borders and sbeets of iris in Provence are wonderfully

poppias, the big trises are high on beginners' ahopping lists because of these images in their minds.

Those glorious pictures, of course, are only part of tha contribute nothing, except a safe haven for weeds. Few gardens have the space or labour for an entire border of these beauties and few of us would keep them flower-Somebow, the rain must ing freely among the rough

delightfully workable. This reminded me of colours on weekend, one of the best offer, but I have taken to using them in ones and twos as focal points in plantings where they will not obtrude later in the season. A few irises, well dispersed, go a long way if you choose well and grow them sensibly.

The two reasons why most irises flower poorly in borders are deep planting and lack of food on poor soils. Big border irises have a chunky central rhizome can be replanted to grow which must sit on the surface of the earth like a saddle on a horse'a back.

The soft roots than go downwards and tether it to gardeners.

be kindest sum- photogenic. Like oriental the ground. The great mistake is to bury the rhizome itself or to tilt it downwards so that the tip is under the soil. It needs to be exposed to full sun and the recent dry summers have suited it perfectly if it is properly saddled and placed.

This weekend, you can dig up border irises which are wrongly placed or flowering

The rhizome must sit on the earth's surface like a saddle on a horse's back

poorly. The central core of the clump can be cut away and the outer edges can be divided into separate fans. each with their own set of leaves. These outer pieces into strong plants for next May. When you replant, you should not imitate bad practicea of older, professional

Iris and to leave a sbort fan for the sake of tidiness. This practice is still seen and widely followed by nurserymen who send trises by post. Dying, brown leaves can be pulled away, but green ones should never be cut off. Irises like a bot, lime soil

and will be all the better for the application of lime or crushed lime mortar if you live on soil which is nentral or suited to azaleas. They but they are not so good on light, poor or sandy soil. Wherever you plant them,

they are better for a good dressing of bone meal. forked into the ground on which they stand. If they are flowering sparsely, despite full sun, they need a further dressing of phosphates, most readily given by spraying them with Phostrogen from late April onwards.

varieties grouped under iris happy to throw in the rich sibirica have their fans and will certainly grow and flower on soils which are

But for my money, the

It is quite wrong to cut conventional big bearded many which flower less back the green leaves of an varietles are the winners freely and do not dissuade and my recent attempts at upgrading leave me with a clear personal choice among all the varieties. My best selection came from Scotts of Merriott, Somerset, but other suppliers can be traced

via The Plant Finder.

The star turn is an iris of remarkable vigour called However, there are good Deep Black, shading into growers who use a trick purple but deserving its which I am not brave name. Three years ago, we ordered it with the large apricot-pink Paradise Pink. pale Bronze Bird, and the best of all the light blues,

Jane Phillips. These varieties proved to be outstanding with the addition of the huge rich yellow flowers of the old favourite, Starshine, and the charming combination of white and violet-purple in the floriferous Wabash.

Everyone will have extras The leafy, small-flowered to add to this list, but I am brown Smart Girl and the noticeably scented Croftway Lemon and leave it at that. Tha buge array of largerest of the season. flowered varieties includes

me from my basic choice. Last, what about the

weeds? If you lift your clumps of tris and use them individually as focal points, the inevitable weeds among rhizomes are not overwhelming. When you replant you' can weed at the same time. enough to try myself.

In early spring, as the vouns spray round and between the rhizomes with a diluted solution of Simazine, readily available to amateurs under brand-names like Weedex. They insist that the Simazine does not damage the rhizome if if touches it and that it persists as a protective film from April onwards reducing the weeds which otherwise seed into the middle of the clump. Try it quietly on an outlying patch of a variety which is well represented elsewbere and you ought to find that one of the major nuisances in growing border irises is tamed for the

## Bird-watching A fledgling occupation

Bird reserves are trying to become child-friendly, says Hilary de Boerr

bird reservas are npgrading their habitats to attract a rather rare species - the lesser-spotted

fledgling homo sapiens.
Until recently, bird reserves have seemed rather a no-go area for children adults in green anoraks creeping about, peering through binoculars and

whispering in bird code. Now pushcbair-friendly trails, nappy changing facilities and tearooms are the order of the day at selected reserves. The Royal Society for the Protection of Birds wants to prove that children and birders are not incom-

Pulhorough Brooka reserve, in the beautiful Arun Valley in Sussex, is a good place to start. Its twomile circular trail is an achievable length for young children as well as for anyone in charge of the pushchair. Seasonal flora and fauna include butterflies, dragonfiles, wild flowera, and brambles as well as the traditional kids' favourites,

cows and sheep. The RSPB bought the 423acre site in 1989 as abandoned farmland. Their work in re-establishing water meadows means some bird species now visit in their hundreds, sometimes thonsands. For exampla, numbers of the colourful lapwing have reached 17,500 while visits by the teal duck have risen to 2,700 from 44 before RSPB management.

The reserve provides seasonal bomes for popular is an added benefit for those, birds like barn owls, green woodpeckers, kingfishers and peregrine falcons.

The country walk is lovely enough that it really does not matter if you fail to spot a bird. Louisa, my two-yearold, was more interested in the stiles. But it can be frustrating for the committed placed nearby. birder with a child in tow. children in any patch of countryside that it seems unwise to spend too much time with the binoculars.

ve mm into borough Brooks mistaking it for Astroturf. Louisa discovthe first time, stinging underwater wildlife". nettles.

Bird hides are usually the best bet for spotting birds even without binoculars children should be able to see the varieties of ducks, geese and other waterfowl. Yet bird hides have always

seemed the holiest of shrines four children. Binocular hire in the birdwatching world and rather daunting with a The RSPB considers 20 of its child. A guide to use in the Pulborough Brooks hida For further information consays "talk and move quietly" tact the RSPB on 01767 - rather tricky when your

"t might make twitchers toddlar is determined to twitchy but Britain's climb out of the viewing

window. Pulborough Brooks does have two open viewing areas with seats, which is a blessing. The RSPB's reserves would benefit from more if It really does want to encour-

age family visits.

This became especially clear during a recent visit to Minsmere, a popular RSPB reserve on the Suffolk coast. The hides were teeming with adults and their assorted binoculars and telescopes. No one seemed to speak or move, even to let others pass. After a few minutes. and some complaining from Louisa, we left.

Unfortunately there is really no other way to see most of the birds there. High grasses and reeds are great for wildlife but not for three

foot high people. What seems to make the final leg of a walk with children work is the prospect of cake or ice cream. Thank-

Children have run into a plant-covered pond mistaking it for Astroturf

fully the RSPB is introducing tearooms at some of tts reserves with good quality food and, finally, drinkable

The outdoor seating area who like me, have spent much of the walk childwatching, At both Pulborough Brooks and Minsmere tearooms I saw more woodland birds in a few minutes than on the walks. Greenfinches, robins, tits and chaffinches visit the bird feeders

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If spotting birds really is There are enough perils for the aim, there is another way. The RSPB offers supervised events for children so parents can go off alone. At Pulborough Brooks, for plant-covered pond at Pul- as five can join "natural history tours" or two hours of pond-dipping into the "weird ered ditches here and, for and wonderful world of

> ■ Pulborough Brooks nature reserve is open daily from 9am - 9pm (or sunset) except Christmas. Tearoom 9am-4.45pm. Admission for non-RSPB members is £3 adults. £1 children, £6 for n family with up to two adults and £1.50 a day. Tel: 01798 875851. reserves to be family-friendly.

Summer visits

## Green fingers in a dry county

Diane Summers finds horticultural inspiration - and good food - in Suffolk

elmingham Hall. a moated manor bouse nine miles Suffolk, bas some stunning double berbaceous borders. miles of immaculata vegetables, and knot patterns made of box, painstakingly clipped into the Tollemache family's ancient crest. This is all acbieved with just three full-time gardeners and one part-timer, though it helps that the garden has been continuously cultivated for 500 years.

A tour of the gardens a recent weekend for gardening entbusiasts, organised by Suffolk's Adnama

The breaks include accommodation and dinner on Frithe Swan Hotel, Southwold, plus visits to four local gardens and a nursery. You expert: a stay at the Swan. seaside town, is a treat anyway. Soutbwold, with its lighthouse, greens, beach huts and book sbops, has an innocent, 1950s appeal. The authorised snooping around otber people's gardens is a

The gardens were viewed on Saturday in ascending order of size. The first, at

Rumery, the retired chief garden designer for Notcutts Nurseries, and author of a book called The Dry Garden. Suffolk gardenera ara experta on drought. His walled garden is divided into contrasting "rooms", with high hedges and secret paths, a ahady white and green garden (for breakfasting in on a morning after, he says) and an exotic Moorish pool inspired by foreign holi-Rumery's half-acre garden

at Magnolia House is modest formed the genteel climax of by comparison with Helmingham Hall; because of that, it gives the impression of being more easily imitated by the non-professional gardener. It is an illusion, of course, unless you day and Saturday nights at happen to have an 18th century house as a backdrop, aged brick walls, mature bedges of beech and yew, don't bave to be a gardening mosay flagstones and, of course, huge amounts of in the square of the pretty single-mindadnesa, talant accompanied by slightly and good taste.

The second garden was originally designed by Lanning Roper but its updating was the work of Mark Rumery. The 5-acre plot at Orford's Old Rectory lost a gold medal winner at this nearly 90 trees from the year's show. combined effects of Dutch Elm disease and the 1987 burricane. The owner, Tim Yoxford, a village about 20 Fargber, a painter and sculptor, has replaced some

exposed part of the garden with bendy cypresaea, hatched from seeds collected in Tuscany. His tour took in a woodland garden, lahur-num walk and gravel garden - just one full-time gardener here, and the gardener's father part-time for the vegetables - plus an unscheduled nose around his studio. Orford, with its 12th century castle, gave us the

A shady white and green garden is for a morning-after breakfast

opportunity to have a delicious lunch at the Butley-Orford Oysterage of smoked fish and local apple juice, fierce service.

Then on to the lovely formal gardens at Helmingham Hall and a chance to buy some of Lady Tollemache'a Chelsea leftovers - she was

It is essential to have a car for these weekends; the 20-30

guests take themselves from

one garden to the next and

avoiding the coach party effect and, more important, allowe for borticultural ehopping on the way. There was more shopping

on Sunday morning at a

local nursery, Wootten'e of

Wenhaston, owned by Michael Loftus who used to run the Neal's Yard wholefood shop in London'a Covent Garden. It's difficult to imagine him in a shop - be can be eccentrically uninterested in making a good impression on customers ~ but the plants make bumouring him worthwhile. If his perennials are good enough for Lady Tollemache as they seemed to be from the Wootten's tags visible in ber borders - they're good enough for anyone.

Loftus's own garden adjoining the nursery, which we wandered around before making our purcbases, is a romantically unmanicured display of his own plants, with narrow gravel paths and deep borders bursting with aquilegias, popples, bostas, and

The cars came into their own as they were crammed with purchases, and radios were awitched on to catch Gardeners' Question Time on the drive back, At home, in a less than stately garden, the giant alliums bought nt Hillon National Leeds, they are fairly spread out. from Lady Tollemache were £143. Tel: 0800 856 8002.

wold, belongs to Mark of the trees in the most This bas the advantage of found to be packed in generous amounts of her 500 yearold soil. Perhaps it will make all the difference.

■ For more information, contact The Swan Hotel Market Place, Southwold, Suffolk IP18 6EG. Tel: 01502 722186. Fax: 01502 724800. The next garden weekend is September 19-21. The cost for two nights' (gourmet) dinner, B&B, plus garden snooping, is from £181 per person. ■ The Heraldic Garden.

which contains flora and fauna to be found in heraldry, together with the Lady Hilda Memorial Arboretum in 10 acres of gardens, woods and parkland, is at Boxford, Suffolk. Open on Saturdays and Sundays until August 30; other days by arrangement. Tel 01787 210208.

■ The Arley Garden Festival, Cheshire, July 26 and 27. Specialist nurseries from all over the UK will be selling rare and unusual plants. Tel: 01565 777353.

■ The evolution of the parterre, a day-long lecture with lunch and garden tour at Waddesdon Manor, Buckinghamshire, October 15, £55. Tel 01296 651226. ■ Three-day tour to include

the Horrogate Flower Show, gardens at Parcevall Hall and Maspin House, with guide and lecturer Kate Garton, September 12-14, staying



Philippa Davenport celebrates the traditional tastes, textures and aromas of this fiercely independent Mediterranean island

was no more than a twinkle in the rhythm of the seasons. The Aga Khan's eye, Sardinian cooking is unsophisticated, food was strictly Sardinian. frugal, an unforced usuance of ingredients and cooking of ingredients that shows off rich haven of unpolluted the quality of the produce flowers and shrubs. Sardinterranean island bore the rather than showing off the rather than showing off the cook. Tastes, textures and matic with linguing herbal sions, of course (Phoenician, Roman and Arah traits absorbed a millennium or so ago, and tastes acquired under Pisan, Genoese and fable industrious preservers Catalan dominance from the of summer surplus for win-14th century onwards) but ter eating. Vegetables are the essential characteristics of the Sardinian kitchen

remained unchanged. In 1965, when I worked in Sardinia, the island was still, as D. H. Lawrence had written in 1923, "a place apart...outside of Africa and Europe...ontside of time and history". Even now the Sards are fiercely independent, referring to their compatriots not as Romans, Milanese and so on but sweepingly, somstimes darkly, as "the continen-

.....

Agrochemicals hava seeped into the continentals' way of farming but organics remain the norm in Sardinia. because the industrial revolution never really arrived.

Sardinia is a pastoral society scattered over remote hamlets and villages, and the traditional ways of doing things thrive hy virtue of practicality for a people who lack capital, are unafraid of hard work and care about

Sardinian foods boast a

hirty or so years for their intensity of flavour nuts, almonds and pine-nuts reduction of graps must. ago when the and freshness, grown to from one year to the next.

Costa Smeralda maturity in their own good Sardinian honey is outtime following the natural aromas are celebratad.

Waste is abhorred. The Sards are the ants, not the grasshoppers, of Aesop's fable: industrious preservers stored in oil; fungi are dried; herbs are steeped in vinegar. capers, peppers and toma-toes, lightly desiccated by

> *Bottarga* is yet another of those ancient tastes that has never fallen from favour in Sardinia

This is not the result of the sun, are laid down in green policy but simply salt; lemons, myrtles and other fruits are packed in alcohol for beady elixirs; figs are slit, stuffed and baked by the sun or over a gentle fire until sufficiently dry for long

And the Sards are alone in western Europe, I believe, in perpetuating the ancient practice of preserving nuts in honey - simply the best way to retain the sweet strong sense of history and milky freshness of new sea-

standing, praised by Virgil and a source of even greater pride now so few places pro-vide the honey bee with a rich haven of unpolluted or woody notes.

Encelyptus honey is new to the island. The tree was introduced from New Zealand in the 1980s to help combat the malaria mosquito (the disease was not eradicated until the 1950s), roll up their sleeves and Cardo (wild thistle) honey is knuckle in - no time for unusual, but most highly prized are the hittersweet honeys such as asfodel and

Corbezzolo (strawherry tree) honey is unique to Sar-dinia and invariably served in savoury contexts where its timeless quasi-medicinal taste is most exciting - driztangy fresh choese, dressed with lemon zest, sandwiched in filo-like pastry, deep-fried until sizzling), smeared over wafer-thin slices of homecured coppa (a type of raw ham) or rubbed over ths skin of spit-roast veal. Such ideas may sound strange to those accustomed to spreading honey on bread and butter. But they are forgotten practices, not alien; vestigial savoury uses still exist in Britain - think of baked

honey and mustard crust. The Sards reckon, rightly, that high temperatures kill the aromas and flavours of honey. For baking, they prefer not to use honey but taurants tend to specialise in two bays famous for windanother ancient sweetener, fish. One such is Ristorante surfing, a fine spot to watch

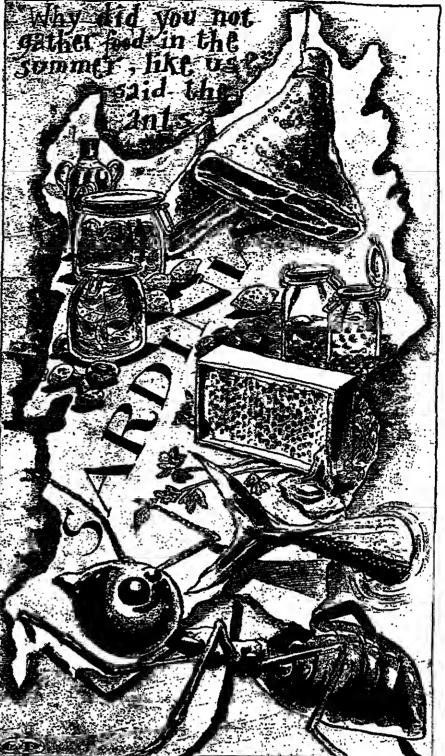
Don't think that only an ageing peasantry clings to these old-fashioned ways; traditional ingredients firmly remain part of the general repertoire. An elegant and Bosa recently cooked me a delicious apple and pine-nut cake. When she gave me the recipe and I asked why it did not use sugar, she replied simply "the results are better with saba".

Pig-killing is a regular ritual on farms throughout the island, where young and old squeamishness - making fresh blood puddings for immediate eating, curing, pancetta, salami, prosciutto, coppa and other porcine

treats for later. Farms that are part of the government-backed agriturismo scheme, required to serve mostly own-grown zled over sebadas (slivers of food, can be excellent, modestly priced places to eat. At Agroturismo Saltara (tel: 0039 789 755597), a few miles inland from Santa Teresa di Gallura, port of departure for ferries from Sardinia to Corsica, Natalia Varsi makes delicately milky cheeses, raises good breads and cures her own meats, including a silkily exquisite pancetta. Her husband Giancarlo

tends the wood-burning ovens outdoors, where suckling piglets aromatised with gammon finished with a juniper and myrtle roast crisply over pans of delicious local potatoes. It is my favourite agriturismo in the whole of Italy.

Coastal trattorie and res-



789 704023) near Palau. thin, crisp, lightly charred served by the charming de Designed by Salvatore Bran-wood-baked focaccia fra Negri family, whose modest dano, pupil of Busiri Vici. responsible for the best of Porto Rafael, this eatery is dramatically perched at the end of a little road bridging

grant with rosemary.

Fish soups that are a meal on their own, lobsters (plain grilled or served all'algherese with olive oil, lemon, tomatoes and onions), and spaghetti alla bottaroa are just place, and are remarkable son's hazels, walnuts, chest- sapa or soba: a syrupy Isola dei Gabbiani (tel: 0039 the sun go down and chew some of the fishy treats

(the salted and pressed ros of blue fin tuna) was once the livelihood of the small fishing community of Stintino (population 1,114) and attempts are being made to revive production. Bottargo (which may also be made with the roc of grey mullet) has been described as the caviar of the Mediterranean. Pungently salty and fisby. far more dense and intensely flavoured than salt-cured anchovies, bottarga is yet another of those ancient tastes that has never fallen from favour in Sardinia.

It is unfamiliar in Britain today, but not new to us. Castelvetro, Italian tutor to James 1, regularly brought back supplies to Eugland after visits to his native country. It was served at the coronatton feast of James II and was given a good write up in Samuel Pepys diaries.

Some of the most memora bly delicious food in Sardinia today, and probably the most original, is offered by Ristorante Gallura (0039 789 24629) in Olbia, where you may taste such treats as seaweed swished through the lightest of batters, deep-fried to rustling crispness; the sweet local mussels creamy with saffron and coriander; and catfish dressed with an arresting mixture of cardamom, bitter chocolate, vinegar, pine-nuts and candied orange peel. I bave just read in a new book by Fred Plotkin that he is similarly enthused by Rita d'Enza's cooking: "Rita d'Enza makes daring and unusual flavour combinations, but cooks with such knowledge, insight and a sense of proportion that everything suc-

Plotkin's Itoly for the Gourmet Traveller (724pp, a paperback published in Britain by Kyle Cathie at £12.99) is an outstanding book, remarkable for its breadth of coverage, full of insights and compulsive reading. It explores Italy, the people, their history and culture through an appreciation of their foods, region by region. Plotkin eats where the locals eat (in pasticcerle, bars and trattorie as well as restaurants), shops where they shop, celebrates local folklore and festivals, visits museums, vineyards, craft bakers and other artisan food producers and generally relishes life con brio. The production of bottarga

Wine

## Rekindled love affair with the French

Jancis Robinson looks beyond the season's stars to find plenty of fine wines at reasonable prices

s the price of hyped young reds escalates into the far distance, it seems pertinent to consider which wine regions can offer particularly good value at One of them, funnily

enough, is Bordeaux particularly in the £5 to £10 bracket. Negociants such as Ginestet and Calvet have overhauled the way they make basic bordeaux so they can now offer bottles which shout flavour, interest and even some development potential in place of the weedy little whispers we came to expect from the Gironde. Recent vintages have belped, too. The beleaguered French

franc has rekindled the Anglo-Saxon love affair with all sorts of French wines during the past few mouths. The Languedoc and Roussillon have been offering well-priced wines for some time now but the regions are just at the point where the better producers are trying to ask a bit more for their top blends.

The Loire, particularly in view of the excellence of the 1995 and 1996 vintages, is looking quite seriously underpriced, however, In general, the 1996 red and dry white Loires are even better than the 1995s.

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The Loire specialist RSJ Wina Company of London SE1 (0171 633 0489, offshoot of the eponymous restaurant) can offer all sorts of gorgeous wines, red and white, sweet and dry, for well under £8 a bottle. Clos Roche Blanche's Touraine Sauvignon 1996 is quite extraordinarily concentrated, even rich, for £5.15, for example - e convincing argument for

This is the moment to lay to rest the ghost of oversulphured Vouvrays past

low yields and biodynamic

Both RSJ and Oddhins sell Baudry's Clos de la Perrièe Chinon 1995, an ultra-supple summer red at 26.30 and \$6.79 respectively. The more concentrated Vieilles Vignes bottling is only 27.80 at RSJ, which is also importing a full range of 1996s. Majestic's Couly-Duthell Chinon 1996 at just 25.49 is already drinking well but a substantial investment in ome more concentrated 1995s and 1996s would provide great pleasure for

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several summers to come. Dry and dryish Vouvray hit the bullseye in 1996, proving just how versatile these tangy-rich wines are with food. Asda have Bourfflon-Dorleans's Demi Sec Vouvray for only £4.99. while Oddbins have Fouquet'a Vouvray Les Chairs Salees 1996 at £6.99 it is lively, nuity and markedly more exciting than the demi sec at the same price. This is the moment for laying to rest the ghost of over-sulphured

Vouvrays past. Fellow parishs sharry and German wines are ludicrously underpriced. Victoria Wine Cellars are selling Monchhof's delicate Erdener Treppchen Riesling Kabinett 1965 - an 11 year-old wine! - for just £4.99, while Mujestic have the drier, more substantial

Riesling Kabinett 1996 von Buhl for 25.99. But the place that is still sanding us e phenomenal range of underpriced yet fashionable wines, mainly reds, is Chile. The Chileans seem to be putting all their efforts into making small, special batches that can command £10 and more, overlooking the fact that they could probably add between one and two pounds to the price of most of their wines currently on

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sale in Britain for under £5 before anyone would complain. Argentina has also firmly established itself as a source of some carefully made and generously priced reds and whites. Uruguay is catching up fast, too. South Africa produces an

ocean of ordinary white but the quality of its better wines of both colours has increased much faster than their prices. The best wines of producers such as Glen Carlon, Haute Provence. Hartenberg, Jacana, Kanonkop, Louisvale, Plaisir de Merle, Saxenburg, Sentinel, Vergelegen and Warwick Estate all represent particularly good value for the moment. (Bouchard-Finlayson, Hamilton-Russell, Stellenzicht and Thelema's

prices are already in line

he increase in en

with their excellent quality.) Finally, much to my amazement, I have to nominate as relatively good value Bordeaux's great rival and France's other wine classic, top-quality burgundy. Like Bordeaux.

Burgundy was blessed with two excellent vintages in 1995 and 1996 (and a run of perfectly good ones before that). Unlike Bordeaux, prices of top-quality burgundy have not so far zoomed Mars-wards as a result.

Great wines are never cheap but Burgundy can now offer dozens of fine wines for well under £300 a dozen. Few wines are still available from merchants' 1995 burgundy offers which should serve as a reminder to act fast as soon as the 1996s are offered

early next year. The whites in particular are looking very exciting. Sign up now with London's specialist merchants such as Bibendum of NW1, Domaine Direct of WC1, Haynes Hanson and Clark of SW1. Justerini & Brooks of SW1, Laytons of NW1, Morris & Verdin of SRI and La Réserve of SW3.

Since burgundy is sold on the basis of long-term friendships between individual growers and specialist importers, the market is less plagued by the sort of heat generated by the Bordeaux place.

As quality bas become much more reliable in Burgundy, so have prices. Long may it last. ■ NEXT WEEK: detailed recommendations from

### Claret fever

Edmund Penning-Rowsell on leaping prices

primeur prices of top 1996 clarets is UK 1996 . demonstrated by comparison with the same in bond (2) 1995 (FFr) 1996 (FFr) wines in 1995. The 1995 first growths opened at FFr230 a 42 bottle; the 1996s opened at about FFr300, then rose in 115-120 198 ever-increasing leaps. At tha lower levels, the 275-350 310 classed growths and crus 170 bourgeois increased much 265-470-525 more moderately. 494-600 Initially, 1996 claret prices 325-350 . . rose owing to a shortage of 404-500 stock at the chateaux and in

possible Thereafter, bnying fever took over for the top clarets. principally in east Asia and US, where only "blue chip" vintages have wide appeal. reduced its prices slightly. There was also an element of greed in Bordeaux and among some of the buyers in Britain aiming at top foreign

indication.

The 1996 vintage was a Cabernet vintage, more suc-cessful in the Medoc than in the basically Mariot crop of St Emilion and Pomerol. But gins between the 1996 open-fall.

the Bordeaux markst -

caused by the unsatisfactory

'91, '92, and '93 wines having

been sold off as quickly as

300-430-550 300-430-550 this made little difference ing prices and the UK fig-- with the honourable exception of J. P. Moneix, which

when the market went mad ures in bond also includes duty of £1.05 (£1.09 from next January) and 171/2 per cent VAT overall. The 1996 clarets will not be The UK prices in bond, taken from retail lists, for in bottle until next year, and the leading growths vary so

CLAHET PRICES: 1995 y 1996

the leading growths will widely that the prices given need at least 10 years in botin the accompanying table the before opening. Some of may have to be taken as an their initial buyers may get tired of waiting and sell, so The apparently wide marit is possible that prices may

975-1,000

750-1,050

1.050

### Appetisers

Tatch out on Parmigiano-Reggiano. Grana Belgian minesweeper is due to make its way up the Thames in what could prove the most perilous naval attack on London since the Battle of Medway in 1667. The reason behind the

Negri family, whose modest and delightful restaurant

with rooms, Silvestrino in

Stintino (tel: 0039 79 523007)

on the north-west tip of Sar-

dinia, is my favourite place

to stay in the north of the

island.

arrival of the Naval Task Force is Belgian Beer Week, from July 18-27. L'Abbaye in Smithfield will be serving moules frites in true Belgian style with the mussels cooked in a different beer each night of the week. Naturally, Belgo is offering various deals, as is the White Horse in Parson's Green, The Cow in Westbourne Park Road and the Windsor Castle in Lanark Place.

Let's hope the festival will encourage the city's publicans to stock more Belgian bottled beers. Details from Eileen Kehoe-Green on 0171-637 2477. Giles MacDonogh

Cheese ice creams were apparently popular for dessert in Regency and Victorian England. Parmesan Ice. this confection of Joseph Bell's, is described by Robin Weir, co-author of Ices: the Definitive Guide, as "wonderful. Do not let the idea put you off".

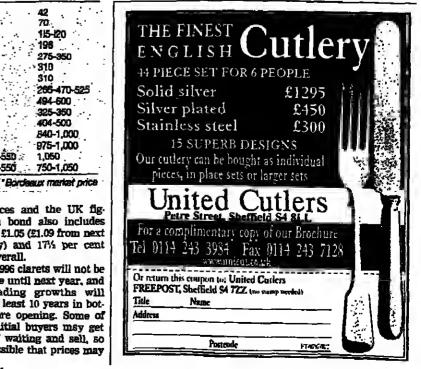
July 21stl A Padano and cheeses labelled Grana or Parmesan will not do. Second, the cream must be boiled or it will not be hot enough to melt the cheese.
PARMESAN ICE

500ml whipping cream: 115e Parmiglano-Reggiano cheese; 115g golden granulated sugar.

Grate the cheese. Heat the cream with the sugar, stirring gently and constantly until the sugar has melted, then bring the mixture to a bubbling boil. Remove the pan from the beat, add the grated cheese and stir continuously until the cheese has melted completely. Cool, then chill the mixture in a refrigerator overnight. Next morning, scrape the mixture into a freezer box. Stir well, level, cover and freeze for at least six hours.

Philippa Davenport

Hampton Court Palace is giving its visitors the chance to get a true taste of history. The black dessert grapes of the Great Vine, once reserved for the kings and queens of England, are to be sold to visitors for the first two weeks in September. Planted in 1768 by Capability Brown and 120ft long, the vine is the oldest and largest known in the world. It usu-I've not tried it yet myself ally produces between 500 but understand there are and 700 bunches of grapes two important points to although in 1807 there was a remember. First, be sure to record crop of 2,245. Details use a bunk of genuine on 0181-781 9500. Jane Crust



### MOTORING / FISHING

t is the 50th anniversary present he would have wanted, and somewhere up there, l suspect, Il Commer urging the young German

Deep in the French countryside, on the undulating circuit of Magny-Cours last month, Michael Schumacher did the seemingly impossible: trounced rival Jacques Villeneuve's favoured Williams to sat the prancing horse of Ferrari firmly on course towards winning the Formula One world championship which has eluded it, to Italy's heartfelt chagrin, for more than a decade.

The two Ferraris broke down at Silverstone last weekend - hut that does not mean the world title is beyond Ferrari, 50 years after the Maranello concern was founded by the imperious engineering genius Enzo Ferrari. And if it does win. few in Italy will begrudge -publicly, at least - that the credit helones more to the talented Schumacher than Ferrari'a long-overdue renaissance from within.

Nine years after the death of Ferrari himself, it will be enough that the company bearing his name - although now 87 per cent owned hy Fiat - is being launched into its second half-century on an increasingly high note both off the track and on.

Considering that Ferrari does not spend a single lira on advertising its sleek, traditionally blood-red products - the money goes instead into racing, with the consequent torrents of words and airtime coming for free - the company has secured a unique niche in the automotive world.

It is a wildly venerated national institution for Italy, and the object of ultimate automotive desire almost everywhere else. Porsches have solidity, practicality and appeal to common sense; Ferraris are sinuous, have engines which yowl at the moon and tug irresistihly at the senses.

Luca Cordero di Montezemolo intends that the emotional appeal of the hrand should grow even stronger as the black horse gallops towards its full century. A former manager of Ferrari's Formula One team in the 1970s, di Montezemolo, himself 50 this year, has already made a hig impact since taking over the chairmanship in the early 1990s.

of the luxury sports car mak- of the range and first step on ers, hy the glohal recession the ownership ladder; hut an at the end of the 1980s. Ferr- ever larger number of huy- 10 per cent in the hands of now own 50-50.



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Lating Control

## Ferrari: the heritage and the dream

John Griffiths studies the Italian marque which has come to mean so much more than just a company name

strongest revivals in its history since di Montezemolo got his feet under the chair-

There is now not one car in Ferrari's model range which is more than four years old - something of a record in the rarefied atmosphere of the supercar manufacturers' world. There has been unprecedented investment at Maranello in plant and processes to improve quality and reliability. Sales are strong and profitability even stronger.

Thanks to the introduction of models such as the £143,000 (in the UK) 550 coupé and the £170,000 456 grand tourer, the model

"mix" has been enriched. The F355, at £97,000-plus, Badly hit, along with most might still be the mainstay

ari has undergone one of the strongest revivals in its his-expensive models. Last year, the 3,500 Ferraris sold around the world yielded \$70m in profits - four times as much as a year earlier.

Figures like that have encouraged Ferrari's huge industrial parent to leave di Montezemolo to steer his and Ferrari's own course and not just because he also happens to be a nephew of the Fiat family's patriarch, Gianni Agnelli.

The road Ferrari is taking towards the future, he stresses, will differ little in fundamental character from that which It has travelled in the past. He has reason for emphasising this stance.

Some months ago, 3 per cent of Ferrari's shares were another proud Italian autobought hy Fidia, an investment fund owned hy several times which Fiat bought sev-Italian banking groups, leav- eral years ago and which ing Fiat with 87 per cent and Ferrari and its Fiat parent

Piero Ferrari, Enzo's son and Ferrari's deputy chairman. Rumours have circulated that Fiat intends a stock market listing for Ferrari In

a loosening of historic ties. Last week, a new factor entered the equation when Ferrari formally took man-

> These sinuous blood-red products tug irresistibly at the senses

agement control of Maserati, motive name fallen on hard

Taken together, could we sporting four-seater cars. he witnessing the end of Ferrari as we have known it. in favour of a larger, more independent grouping in which each distinctive flavour of Ferrari and Maserati might he lost? The rumour mill has been grinding.

Not a chance, say both Fiat and Ferrari executives. The small share switch is dismissed as a technicality -"there is no prospect whatsoever that Fiat might let Ferrari go".

As for Maserati, the Ferrarl culture and di Montezemolo's empathy with the more emotive aspects of designing and making cars are seen hy Fiat as making the Maranello group better qualified than mainstream Fiat managers to engineer the marque's revival.

Far from duplicating Ferrari models, Maserati's future for a year and harely notice. automotive performance. is seen as the maker of Yet Maranello has recently

foundry installed expenin any case, as Fiat execusively for its exclusive use. tives point out, current Mas-It lacks obvious commererati models such as the Quattroporte are priced cial logic hut, says Fiat spokesman Richard Gadealmost exactly half-way

Ferrari likes to know that

ten metal for his engine

hlock may be doing exactly

the same for Schumacher's

It is all part of the fascina-

heavy investment is going

into new technology. The

next generations of Ferrari

will make much use of new

and exciting plastic compos-

lte and metallurgical materi-

als. Their design and charac-

ter, stresses di Montezemolo,

level" Ferrari 355. The yardstick of success will be future regular production of a maximum 2,500 newly designed Maseratis a year - still a huge step up from the 400 a year at the time of the Fiat takeover.

between the most expensive

Fiat cars and the "entry

Fiat's hands-off approach to Ferrari, to an outsider. might sometimes seem like excessive self-denial. Fiat owns, for example, Teksld, one of the world's largest and most technically advanced aluminium foundry operations.

It could cast all Ferrari's will be every hit as exotic, and Maserati's engine blocks and at the extreme edge of

had another small-scale £330,000 for the 200mph F50, that also will not change, he adds, is production - 3,500 a year is seen as the production ceiling for as far into selli: "Someone huying a the future as anyone at

the guy who poured the mol-Last month, watched hy thousands as part of the 50th hirthday celebrations - this time marking Ferrari's first grand prix win - Schu-FI car the following day; macher and team-mate Eddie Irvine chased each Maranello is also getting its own wind tunnel and other around Rome's ancient Circus Maximus in road-

Maranello is prepared to

going Ferraris. The cars, of course, were rather quicker than the chariots of ancient Rome: hut as for the emotions spurring on the drivers, it is doubtful that anything fundamental has changed.

Perhaps the Ferrari heritage goes hack further than With prices ranging up to we thought...

hen enthusiast motoring magazines praise only huild quality, comprehensive equipment and value for money and look down their noses at performance, I start to get seriously interested in whatever they are writing about.

Car nuts bang on eagerly about matiers of little real concern to people who actually huy cars - multiple valves, camshaft profiles, that kind of thing. Such matters are never mentioned by readers of this column asking advice about about driving on public which car they should huy next. "My wife needs a small, inexpensive and easyto-drive runahout with power steering; what Is available?

And "Having just retired, l fancy turbo-diesel economy hut must have automatic transmission. My hudget is limited - what choice do I have?" Or "I have three children and a holiday home in the south of France. Is there a multi-purpose vehicle with reasonable running costs and air conditioning? (The answers I gave were: try a Daihatsu Charade, VW

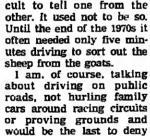
bra TDi. in that order). Every year for almost 40 are years, I have driven at least

Passat TDi and Seat Alham-

Road test

## Smoothing the bumps on the circuit

Yesterday's hard driving is what makes today's cars so safe on the road, writes Stuart Marshall



hecome increasingly diffi-

or proving grounds and would be the last to deny that it is all great fun, hut what do such antics prove? Merely that in this alien environment, some cars are more forgiving in extremes than others. And that few people who have not had an opportunity to drive in this manner can ever appreciate how technology - mechanical, electronic and tyre has made today's cars potentially so incredibly safe on the road.

Two qualifications must he made. The cars that impress most on the circuit often the least comfortable on the road. 50 different cars. From And that treating driving



ce with good build quality and reliability

opportunity for exhibition- Corolla and Mazda 626. ism, does more for road safety than any amount of advanced automotive design and technology. All of which is hy way of a preamble to liftback (no. I don't know the launch of two new Japa-

The latest Corolla went on sale in Britain last month with four body styles (threedoor hatchback, five-door what the difference is.

five-door estate car. Engines which are reworked version of those from the last model, are 1.3-litre (85 horsepower) and 1.6-litre (109 horsepower) petrol and a 2.0-litre diesel, which makes up for behind the wheel, it has as a craft, rather than an nesa cars, the Toyota either), four-door saloon and its modest 71 horsepower

**Fishing** 

(pulling power) as the 1.6litre petrol engine. Transmissions are five-speed manual, with four-speed automatic an extra-cost option on both 1.3-litre and 1.6-litre engines, or a close-ratio sixspeed manual on a pair of G6 hatch (or lift) backs.

The six-speeders are not. Toyota stresses, hot hatches; just Corollas with an extra cog thrown in to please people who enjoy playing with gears. (Fiat had the same idea with Its Punto but demand in Britain was mini-

mal and it was dropped.) None of the Corollas ia likely to turn heads. Their styling is clean, with hulbous-looking headlamps and a grille like the foll from some monstrous dry shaver. Equipment includes power steering, twin airhags. remote central locking and proper lap and diagonal

belts for all three rear seats. Hard drivers, who might not care to be seen dead in a Corolla, would say the steering was too light and

with nearly as much torque the suspension too soft. People - and not just pensioners - who huy them to drive sensibly will see no cause to complain, especially if they have moved up from a Starlet, the Corolla'a hahy brother. Prices are competitive, the poshest airconditioned 1.6-litre CD Liftback is £14.345 (£15.195 for the automatic) and the entry model 1.3-litre three-door is

£10,850.

The most persuasive argument of all could be the top honours taken by Toyota's Starlet, Corolla and Carina E in quality and reliability surveys conducted by ADAC (the German equivalent of the AA) and BBC Top Gear/ J. D. Power quality monitoring organisation. For the time being, the Corollas will be imported from Japan but British production of tha five-door liftback starts late next year and of the threedoor hatchback in 1999.

The new Mazda 626 is not going to stand out in a crowd, either, but its clean lines are inoffensive and

making it four inches (10cm) louger has improved passen ger space. At the moment only the five-door hatchback is on sale hut the saloon arrives next month and an estate car early next year. On-the-road prices start at £13,960 for a 1.8-litre.

This is aven keener than li seems hecause standard equipment includes electronically controlled air-conditioning, power steering, electric windows and door mirrors and three-point rear seat belts. The 2.0-litre, 115 horsepower models (£14,610 for the 2.0 LXi) all have electric sunroofs.

Anti-lock hrakes and a senger airbag, too, start with the 2.0 GXi (£15.610) and the 2.0 SE (£17,960) also has traction control, side airbags, alloy wheels, cruise control and wood trim. The engines are refined and reasonably eager. Automatic transmission, on the 2.0-litre

cars only, adds £800. Budget-stricken private motorists will approve of the high gearing of both manu-

als and automatics. It may hlunt standing start acceleration times and damand a downshift for rapld overtaking hut helps average fuel consumptions to he 35mpg (8 1/100 km) for the 136 horsepower 2.0-litre to 37mpg (7.6 1/100km) for the 1.8-litre.

**Paying** over £300 for motor insurance? It's time vou had the Privilege

privilege

contained the really good fishing day? Having just had such a day, I was pondering this great philosophical question as I crawled down the M6 from one odious jam to the next. What was it that had been

so engrossing, so thoroughly uplifting? What had it been about the hours beside and in the water that had enahled me briefly to forget such momentous affairs as the convulsions of the Tory leadership contest, and the

Amsterdam treaty? The first indispensable is the place, which was the Eden at Langwathby in Cumbria. I have fished for trout in 10 or so countries of the world, and I have yet to encounter anywhere to compare with this couple of mlles of English river. It has hreadth, it has depth, it has variety. it is grand and

One perfect day, downstream The rhythm of the cast, the rise of the trout - that's how it should be, says Tom Fort

wonderful wild hrown trout. It goes without saying that there should be fish in good fishing. There are poetic fellows who would have you believe that hirds, sunshine and soft hreezes can make up for an absence of fish. 1 am not one of them.

beautiful, it has trout -

But we must be particular about our fish. There should not be too many, otherwise we would say it was too easy. There should not be too few, which would be dull. They should not be gross, making the catch wearisome to carry, nor so small as to be unworthy of us. They should not all come

at once, but be spread out, to give day-long diversion. They should be discriminating, hut not faddy.

If all these criteria are met, a matter such as bodily comfort becomes unimportant; which is as well, because on my good day there was precious little of it around. In the morning I got wet up top as it rained with proper Cumhrian application. In the afternoon. my legs got wet; I was standing in the river and my waders leaked. By evening, the areas of damp had formed an alliance and I became chilled to the bone.

But on a good day there is a honus to becoming damp and frozen, which is the wallow in the hot bath. If the tub is followed by foie gras, some veal in hreadcrumbs attended by new potatoes and beans, a glass or three of

a noble '66 claret, and conviviality with old friends, the chill fades fast. And when there is time and light enough to whizz hack to the river and find it still and tolerahly warm, and the trout still about their husiness, then the day achieves a resounding finale.

This was the structure of my day. The morning I spent on a pool formed where the

Eden passes hy a steep wooded hluff. The pool is flat and slack at its end, and the fish were wary. But at the top, the water has life and movement; and between the downpours olives hatched lost a couple, the second of

and fish fed with purpose. I caught three good ones, and which departed amid spray after gymnastics which prompted everything else to By now the worst of the rainclouds had hurried off to

plague someone else, and morning had become afternoon. Normally I sleep in the afternoon, but it was too wet for snoozing, so I

fished and was glad I did so. There is a community of trout which live where the Eamont runs into the Eden. They have tantalised me for years, for they station themselves far out in the stream, too far for comfortable casting. With great effort you may land a fly in front of one, hut it is usually a small one, or you miss it because of the range

This time I did what I have always meant to do. I waded in much lower down, got across to a line of rocks which runs upstream, and crept up on them from below, unseen and quite unsuspected.

It was a testing manoeuvre, and by the time l got where I wanted to be some of the wet stuff which should have been outside my waders was inside. But l cared not, for I could see the little high wings of the insects drifting down, and the noses of trout sloshing around among them.

I can say that I did pretty

well; modesty restrains me

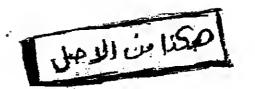
from crude detail. The glory of it was not the trophics but the succession of moments. For an hour or more, until l realised how cold I was, my being was concentrated on the fish and their feeding. To those who know nothing of it, this will be mere fancy, hyperbole, nonsense. But those of the creed will know exactly what I mean when you live through the rhythm of the cast, the motion of the

water, the rise of the tront.

else matters a jot.

Time dashes by, and nothing

حكدًا من الاعل



### INTERNATIONAL ARTS GUIDE

### What's on around the world

#### AMSTERDAM

EXHIBITIONS Van Gogh Museum Tel: 31-20-570 5200 Second of four summer exhibitions of drawings by Van Gogh. This time it is the turn of the works produced when the artist lived in Nuenen, 1883-1885. The exhibition is shown in two parts, with a changeover on Aug 18; to

#### **AVIGNON** THEATRE

Avignon Festival Tel: 33-4-9014 1414 Amphitryon: by Molière. One of two productions brought by Anatoll Vassiliev as part of a Russian season. Cast includes Valerie Dréville; at the Eglise des Célestins; Jul 21, 22, 23,

 Chambre d'Hôtel dans la Ville de Nn: adapted from Gogol and directed by Valeri Fokine; at the Usine Volponi; Jul 20, 21, 22, 23, 25, 26 K.I. du "Crime": adapted from Dostoyevsky's novel by Daniil Guink. Kama Guinkas directs; Oksana Missina stars; at the Usine Volponi; Jul 20,

#### **BARCELONA**

EXHIBITIONS Fundació "le Caixa" Tel: 34-3-404 6073 Tarsila do Amaral, Frida Kahlo, Amelia Peléez: display of works by the three women artists which alms to explore the relationship between the European avant garde and the indigenous traditions which influenced them; to Jul 27

#### **BASLE EXHIBITIONS**

Offentliche Kunstammlung Basel Tel: 41-61-271 0828 Dürer/Holbein/Grünewald: major celebration of the quincentenary of Hans Holbein the Younger (ca. 1497/ 98-1543). Organised with the Stantliche Museen, Berlin, the exhibition consists of 170 old master drawings; to Aug 24

#### **■ BERLIN** EXHIBITIONS Museum für Moderne Kunst,

Martin-Gropius-Bau Tel: 49-30-2548 6714 The Age of Modernism - Art in the Twentieth Century: comprehensive survey which presents the art of this century in four self-contained sections. Beginning with the explosion of Cubism and the crisis of the avant-garde, the exhibition includes works by Picasso, Duchamp and Kandinsky as well as younger and contemporary artists; to Jul 27

### M BONN

EXHIBITIONS Kunst- und Ausstellungshalle der Bundesrepublik Deutschland Tel: 49-228-917 1236 Sigmar Polke: subtitled "The Three Lies of Painting" this show alms to be the largest ever held in the country's biggest exhibition halls, including some 180 loans, it will document Polke's work from 1962 to the present, and will transfer to Berlin's Hamburg station; to Oct 12

### I CHELTENHAM

CONCERTS Cheltenham Festival Tel: 44-1242-227979 **BBC National Orchestra of Wales:** conducted by Tadaaki Otaka in works by Brahms, Beethoven, and a new work by Julian; at the Town Hall; Jul 20

#### **EDINBURGH** EXHIBITIONS

Scottish National Portrait Gallery Tel: 44-131-624 6200 The Face of Denmark: the product of an exchange organised with the museum's Danish counterpart, this exhibition will include works from the period 1750-1840 and portraits of famous Danes including Hans Christian Andersen and Kierkegaard, in return, Scottish portreits will travel to Denmark in the autumn; to Aug 31

#### FORT WORTH EXHIBITION

Kimbell Art Museum Tel: 1-817-3328451 Monet and the Mediterranean: "It is so beautiful here, so bright, so luminous!
One swims in blue air; it is frightening!" wrote Monet from Cap d'Antibes in 1888. Bringing together more than 70 works, this exhibition presents the fruits of several journeys made by the painter: to the Italian and French Rivieras in the 1880s, to Venice In 1908; to Sep 7

#### **GLASGOW** EXHIBITIONS

McLellan Galleries Tel: 44-141-331 1854 The Birth of Impressionism: including paintings by Monet, Sisley and Pisarro. Tells the story of impressionism's reception by the French artistic establishment as well as suggesting the influence of photography, railways and Purisian cafe society on the new painting; to Sep 7

### **GRAZ**

CONCERTS Styrierte Festival Tel: 43-316-825000 Handel's Fireworks: Jordi Savati conducts the Concert des Nations in the festival's final concert; Purcell's Fairy Queen Suite and Handel's Music 



Fireworks at the Castel St. Angelo, Rome; one of the works on display in the 'Feste a Roma' exhibition at that city's Palazzo Venezia Photograph:

#### **■ KASSEL**

Stefanlensaal; Jul 20.

**EXHIBITIONS** 

Various venues Documenta: giant five-yearly survey of contemporary art which takes place all over Kassel. Starting at the old railway station, this tenth edition has been selected by French curator Catherine David, formerly of the Centre George Pompidou; to Sep 28

for the Royal Fireworks; at the

#### **LAUSANNE EXHIBITIONS**

Fondation de l'Hermitage Tel: 41-21-320-5001 Charles Camoin (1879-1965): retrospective which aims to demonstrate Camoin's contribution to Fauvism at the turn of the century and to show the development of his later work, including the influence of Cézanne; to Oct 5

#### Musée Cantonal des Beaux-Arts Tel: 41-21-312 8332

COBRA 1948-1951: organised to mark the 50th anniversary of a post-war group of experimental artists, who derived their movement's name from their three cities of origin: Copenhagen, Brussels and Amsterdam, The exhibition will travel to Munich and Vienna: to Sep 14

#### **LONDON** CONCERTS

**BBC Proms, Royal Albert Hall** Tel: 44-171-589 8212 Nicholas McGegan conducts selections from Mozart and Schubert's one-act opera Die Verschworenen, performed by the Orchestra of the Age of Enlightenment. Soloists include sopreno Hillevi Martinpelto; Jul 19 World premiere of a new work by Michael Gordon and UK premiere of John Adams' Scratchband, plus music by Steve Reich, Lou Harrison, Philip Glass and Frank Zappa. Performed by the Ensemble Modern and conducted by John Adams; Jul 20 Amsterdam Baroque Orchestra and

Choir conducted by Ton Koopman in music by Bach; Jul 21 BBC National Orchestra of Wales: with cellist Steven Issertis, conducted by Tadaaki Otaka in works by Mendelssohn, Elgar and Bruckner;

 BBC Symphony Orchestra: conducted by Andrew Davis in the world premiere of Sea-Change by lannis Xenakis, and works by Prokofiev and Strauss. With planist John Lill;

Jul 23

 Paul Daniel conducts the Chorus of Opera North and the English Northern Philharmonia in Stravinsky's Petrushka and a semi-staged London premiere of Komgold's Violanta, directed by Nigel Lowery: Jul 24

Sir Peter Maxwell Davies conducts the BBC Philharmonic in the world premiere of his new work Sails in St Magnus I, inspired by his friend the poet George Mackay Brown, Vassily Sinaisky conducts works by Beethoven and Shostakovich. With pianist Stephen Kovacevich; Jul 25

#### DANCE London Collseum Tel: 44-171-632 8300 The Kirov Ballet: The Sleeping Beauty - casts vary;

 Swan Lake - casts vary; Jul 21, 22, Don Quixote - a highlight of the month-long season, with choreography by Petipa; casts vary; Jul 25, 26

EXHIBITIONS . Hayward Gallery Tel: 44-171-2610127 Rhapsodies in Black: Art of the Hartem Renaissance - for African American artists working in New York, the 1920s. were something of a golden age, Harlem its dynamic centre. This multi-media presentation celebrates this decade of extraordinary creativity, bringing together paintings, sculptures, photography and film; to Aug 17

National Gallery Tel: 44-171-839 3321 Seurat and The Bathers: places Seurat's great "Bathers at Asnières" in a context provided by his own earlier work, and studies and drawings for the painting, as well as works by predecessors who influenced him, and by his Impressionist contemporaries; to

Royal Academy of Arts Tel: 44-171-439 7438 Hiroshige: Images of Mist, Rain, Moon and Snow - celebration of the bicentenary of Hiroshige (1797-1858). Japanese master of the coloured woodcut, whose landscapes provide an atmospheric picture of 19th century Japan; to Sep 28

#### THEATRE

National Theatre Tel: 44-171-9282252 Closer: new play written and directed by Patrick Marber, with a cast. Including Claran Hinds; Cottesioe stage; in repertory King Lear: by Shakespeare. Highly

praised production directed by Richard Eyre, with lan Holm in the title role; Cottesioe stage; in repertory

Amy's View: Judi Dench and Samentha Bond star as mother and daughter in a new play by David Hare directed by Richard Eyre; Lyttelton

stage; in repertory The Cripple of Inishmaan: new play by Martin McDonagh directed by Nicholas Hytner, Lyttelton stage; in repertory

 Guys and Dolls: enomously successful revival of Richard Eyre's production with a cast including Imelda Staurton as Miss Adelaide; Olivier stage

Shakespeare's Globe Tel: 44-171-401 9919 Henry V: by Shakespeare. Mark Rylance stars as the young king in a production directed by Richard Olivier and designed by Jenny Tiramani; in repertory

The Old Vic Tel: 44-171-928 6655 The Provok'd Wife: Lindsay Posner directs Alison Steadman and Michael Pennington in Vanbrugh's comic take on sexual politics in Restoration England; in repertory

 The Seaguilt by Anton Cheidrov, in a version by Tom Stoppard directed by Peter Hall. Felicity Kendal is Madame Arkadina, Timothy West her unhappy son, Michael Pennington her lover; in repertory

 Waiting for Godot: by Samuel Beckett. Ben Kingsley and Alan Howard play Estragon and Vladimir. The director is Peter Hall; in repertory

#### ■ LOS ANGELES EXHIBITIONS

Museum of Contemporary Art Tet: 1-213-626 6222 Jeff Walt first retrospective exhibition of the Canadian artist whose photographic work draws on the narrative traditions of tableau painting; the exhibition has been seen in Washington and will travel to Japan; to

### **MONTREUX**

JAZZ ' Montreux Jazz Festival Tel: 41-21-623 4567 A Gala Night will provide the conclusion to the two-week festival of jazz and related disciplines; at the Auditorium Stravinski: Jul 19

#### **MUNICH EXHIBITIONS**

Kunsthalle der Hypo-Kulturstiftung Tel: 49-89-224412 Markus Lüpertz (b. 1941), one of Germany's leading artists, is the subject of a retrospective which includes paintings, drawings and sculptures from throughout his career; to Sep 14

### NEW YORK

Lincoln Center Festival 97 Tet: 1-212-875 5030 CONCERTS

 New York Philharmonic at the Avery Fisher Hall. Kurt Masur directs a programme exploring countercurrents to Wagner, featuring the rarely performed Mendelssohn oratorio Die erste Walpurgisnacht and the Brahms Violin Concerto; Jul 19, 20 Expresiones Latinas; seven-day

festival of Latin and South American music, featuring musicians from Brazil, Mexico, Colombia, Cuba and Venezuela; at the Avery Fisher Hall; Jul · Pomerium: e cappella early music

ensemble presents a pair of concerts designed to complement the festival's presentation of Pfitzner's opera. "Before the Council of Trent", Jul 20, features music by Palestrina and his predecessors; "After the Council of Trent", Jul 27, places his music alongside that of his contemporaries; both take place in the Alice Tully Hall

 The Royal Ballet at the Metropolitan Opera House: The Prince of the Pagodas. Music by Benjamin Britten. NY premiere of this three-act ballet, choreographed by Sir Kenneth Macmillan. Darcey Bussell is Princess

 The Royal Ballet at the Metropolitan Opera House: Cinderella, Revival of Sir Frederick Ashton's ballet, set to Prokofiev's score; Jul 20, 23, 24, 26 The Royal Ballet at the Metropolitan Opera House: Ravel Mixed Programme, with choreography by Ashton, Macmillan and Christopher Wheeldon; Jul 22, 23, 25

#### Palestrina: by Hans Pfitzner - the Metropolitan Opera House is the

setting for the New York debut of London's Royal Opera and US premiere of Pfitzner's opera, which tells the story of 16th century composer Glovanni Perluigi da Palestrina. Tenor Thomas Moser leads a cast of more than 40 in this production, seen at Covent Garden earlier in the year. The conductor is Christian Thielemann; Jul 21, 24, 26

### THEATRE

**OPERA** 

 Umabatha: The Zulu Macbeth. Welcome Msomi's transposition of Shakespeare's tragedy is performed here in a dramatic new version with a cast of sixty-six drummers, dancers, singers and actors; at the New York State Theater; Jul 21-27

Woza Afrika: After Apartheid. Four different programmes of South African township plays, presented at the John Jay College Theater and LaGuardia Theater; to Jul 27

Belasco, 111 W. 44th St. Tel: 1-212-239-6200 A Doll's House: Janet McTeer's much admired Nora plays opposite Owen Teale's Torvald in this sexually charged rendition of Ibsen's play, first seen in London and directed by Anthony Page;

Manhattan Theatre Club, City Center Tel: 1-212-581-1212 Collected Stories: Lisa Peterson directs this production of Donald Margulies' new play, starring Maria Tucci and Debra Messing as the writing professor and the graduate student who betrays her trust; to Aug 2 EXHIBITIONS Museum of Modern Art

Tel: 1-212-708 9480 Objects of Desire: The Modern Still Life - beginning with Cézanne, Including masterpieces by Matisse and Picasso, and culminating with Pop art and contemporary works, this exhibition traces the art of this century through the various and evolving representations of objects; to Aug 26 Retrospective of the Stenberg brothers which promises to be MOMA's largest graphic design retrospective to date. Bright young things of the Russian avant-garde, the brothers are best known for the arresting posters they designed for

Soviet cinema in the 1920s; to Sep 2

### **AWATTO**

**EXHIBITIONS** 

Renoir Portraits: featuring works from

throughout his career, this exhibition

famous paintings. The show will travel

Includes some of Renoir's most

National Gallery of Canada

Tel: 1-613-990 1985

#### to Chicago and Texas; to Sep 14 PARIS

**EXHIBITIONS** Jeu de Paume Tel: 33-1-4703 1250 César; major retrospective of one of the most important French sculptors of the twentieth century. Tracing the the different approaches and materials with which he worked, the exhibition includes almost 500 objects loaned from museums and collectors in France and abroad: to Oct 19

Musée National d'Art Moderne, Centre Georges Pompidou Tel: 33-1-4478 1233 Fernand Leger: retrospective of the early modernist, who emerged from the Cubist revolution around 1910 to move towards ebstraction. His experiences in the war and socialist principles led him back to figurative painting. The exhibition will travel to Madrid and New York; to Sep 29

### **■ PESARO**

CONCERTS Rossini Opera Festival Tel: 39-721-33184 Moscow Chamber Orchestra: conducted by Constantin Orbelian in works by Mozart and Mendelssohn. With violin soloist Gabriele Pierannunzi: et the Palazzo Montani-Antaldi; Jul 24

### **ROME**

CONCERT Accademia Nazionale di Santa Cecifia Tei: 39-6-6880 1044 Orchestra and Choir of the Accademia Nazionale di Santa Cecilia: conducted by Yuri Temirkanov in works by Borodin, Rachmaninov and Prokofiev; with piano soloist Dmitrij Alexeev and contraito Larisa Djadkova; Jul 24, 25

### EXHIBITION

Palazzo Venezia Tel: 39-6-679 8865 Feste a Roma: includes reconstructions of lavish, semi-permanent Baroque structures built to celebrate festivals both religious and secular, which took place in Rome between the seventeenth and nineteenth centuries; to Sep 15

### **■ SALZBURG**

THEATRE Salzburg Festival Tel: 43-662-844501 Jedermann: by Hugo von Hofmannsthal, Revival of Gemot Friedel's production, designed by Imre Vincze; at the Domplatz, Jul 20 Der Aipenkönig und der Menschenfeind: by Ferdinand Raimund, Revival of Peter Stein's production. With music by Wenzel Müller, at the Landestheater, Jul 22.

23, 24 Libussa: by Franz Grillparzer. New production directed by Peter Stein, with sets by Moidele Bickel. Libussa is played by Dorte Lyssewski; at the Perner-Insel; Jul 24, 25, 26

### SANTA FE

**OPERA** Santa Fe Opera Tel: 1-505-986 5900 Arabella: Janice Watson sings the title role of Strauss's opera, in a new production directed by John Cox. The conductor is John Crosby; Jul 19, 23 Semele: new production of Handel's opera, conducted by John Nelson and directed by John Copley. Elizabeth Futral sings the title role; Jul 25

### ■ SCHLESWIG-HOLSTEIN

Music Festival Tel: 49-431-567080 The Festival Orchestra performs a programme including works by Mendelssohn and Brahms. Conducted by Hartmut Haenchen, with violin

soloist Miriam Fried; at the Musikhalle, Hamburg on Jul 20 and at the Theater, Itzehoe on Jul 21

#### **■ TANGLEWOOD**

Tanglewood Festival Tel: 1-617-931 2000 CONCERTS

 James Conion conducts the Boston Symphony Orchestra in a programme of works by Britten, Bruch and Stravinsky. With violin soloist Itzhak Periman, tenor John Aler, and the Tanglewood Festival Chorus conducted by John Oliver, the Shed;

 Boston Symphony Orchestra: conducted by James Conion in a programme of works by Mozart. With piano soloist Ignat Solzhenitsyn and Soprano Ying Huang; the Shed; Jul 20

Yo-Yo Ma: recital by the cellist of Bach Suites Nos. 1, 2 and 3; at Ozawa Hall; Jul 23

 Soprano Renée Fleming: recital including songs by Schubert and Rachmaninoff, accompanied by Helen Yorke; at Ozawa Hall; Jul 24

Boston Symphony Orchestra:
conducted by Andre Previn in works
by Mozart, Haydn and Ravel, with
violin soloist Pamela Frank; the Shed;

Les Mamelles de Tirésias: fully staged production of Poulenc's opera, directed by David Kneuss, preceded by two vocal chamber works by Ligeti; performed by the Tanglewood Music Center Vocal Fellows and Orchestra, conducted by Seiji Ozawa; at the Theatre; Jul 19

#### H THE HAGUE

EXHIBITION Museum Het Paleis Tel: 31-70-338 1111 The Dandy - Fashion, Art and Literature: Dutch design duo Ravage have recreated three scenes: the dressing-room of George "Beau" Brummell, father of dandyism; the black dining room from Huysmans' novel A rebours; and the "summer dandy" with his all-white wardrobe, c. 1915. On the upper floors are 30 portraits of celebrated dandles, numerous accessories, caricatures fashion plates and modern examples of the influence of the dandy; to Aug 31

#### **■ THESSALONIKI**

EXHIBITIONS Museum of Byzantine Culture Tel: 30-31-868570 Treasures from Mount Athos: following a historic decision by the Holy Community of Mount Athos, this exhibition of 1,500 objects promises to be the highlight of Thessaloniki's year as European City of Culture. Many of the icons, manuscripts and textiles which will be on show have never before travelled outside the Orthodox monasteries which house them: to Dec 31

### WENICE

EXHIBITIONS Giardini di Castello, the Corderie della Tana and elsewhere in the city. Venice Blennale: the 47th International Art Exhibition is larger than ever, with 58 participating nations and a strong showing from the underdeveloped world. The theme of the central exhibition, at the Corderie and the central Pavilion, is "Future, Present, Past\*; to Nov 9

### **VERONA**

**OPERA** Arena di Verona Tel: 39-45-800 5151 Carmen: by Bizet. Conducted by David Gimenez, in a staging by Franco Zeffirelli. Agnes Baltsa and José Carreras recreate their famous double-act on Jul 19, 22 & 25 Macbeth: by Verdi. New production designed by Pier Luigi Pizzi, with choreography by Gheorghe lancu. Conducted by John Neschling; casts vary; Jul 20, 26 Madama Butterffy: by Puccini, New

#### Montresor; casts vary; Jul 23 **VIENNA**

EXHIBITIONS KunstHausWien Tel: 43-1-7120495 Schmidt-Rottluff (1884-1976): comprehensive exhibition of works bythe German expressionist comprising around 180 paintings, drawings, etchings, woodcuts and sculpture; to Aug 24

production. Conducted by Angelo

Campori, with designs by Beni

#### **WASHINGTON EXHIBITIONS**

National Gallery of Art Tel: 1-202-737 4215 Picasso: The Early Years, 1892-1906 - making the case for the artist's career before Cubism, this show begins with Picasso's formative years and traces his relation to Catalan modernism in turn-of-the-century Barcelona, prior to his emergence in Parts. Including important works from his Blue and Rose periods, the exhibition culminates in the Iberian figure pictures of 1906; to Jul 27 Thirty-Five Years at Crown Point Press: 122 works on paper created by 48 artists at the print workshop founded by Kathan Brown in 1962. The exhibition will travel to San Francisco;

### **ZURICH**

to Sep 1

EXHIBITION Kunsthaus Zürich Tel: 41-1-262-0909 Birth of the Cool: wide-ranging survey of American art In the latter half of this century. Among the artists represented are Georgia O'Keeffe, Jackson Poliock and Andy Warhol; to Sep 7

FT Arts Guide e-mail: sanna.rustin@fl.com Listings supplied by Artbase, Amsterdam. Tel: 31-20-664 6441 E-mail: artbasepi.net

## Weekend Investor

Wall Street

### If it's cyclical, it's worth a look

John Labate examines a fundamental change in the attitude of investors

ew York City's summer of 1997 has been full of surprises. On the downside, of course, much of the region has been plagued for several weeks by a beat wave. But crime continues to plummet and, recently, a cab driver shocked many by returning a 71-year-old woman's \$33,000 life savings.

Then there is the everwavering Dow Jones Industrial Average which, after breaking through 6.000 on Wednesday, began by tumbling more than 100 points in yesterday morning's trading. In spite of the fall, the Dow and S&P 500 index are up by more than 20 per cent since the beginning of the year. Although many factors have contributed to the rapid rise of the US stock market this year, perhaps the most important has been the role played by a series of economic and financial sur-

Few economists could have expected the robust 5.9 per cent growth in GDP for the first quarter, followed by more moderate expansion for the second. To have decent growth rates with continuing moderate inflation rates is beyond explanation to many: an environment like this, according to tbe economic textbooks, should have led to higher inflation by now.

Mucb of the market's

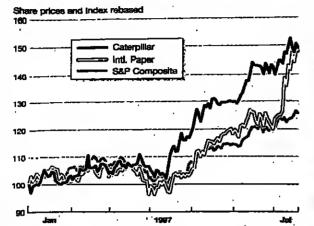
power has come from a rebound among cyclical industries. Technology stocks have added most to the market's run-up since January but, after a late start, industrial cyclical stocks - such as International Paper (IP) and beavy equipment maker Caterpillar a bit misleading, since Mor-- have outstripped the S&P 500 by a long way. IP closed on Thursday at \$59%, a 43 per cent gain from its price but it has risen more than 30 at the year's start. Caterpil-

lar, which closed at \$561.

was up by a similar percent-

Behind this rise among major readjustment made more for current earnings." says Abby Joseph Coben, of Goldman Sacbs. With growth rates bigber tban

Low interest rates help cyclicals



"The outperformance of cyclicals could mean a significant rebound for the third and fourth quarters," adds Scott Slayton, equity derivatives strategist at Morgan Stanley. The US investment bank noted recently that its cyclical stocks index what is expected to be a of 30 companies had overtaken a similar index of 30 consumer stocks. The comparison might be

> An important factor has been the role played by a

series of economic and financial surprises

gan's cyclical index also includes some computer makers and financial firms, per cent so far this year while the bank's consumer index bas gained just above 25 per cent.

Several factors lie behind cyclical companies lies a the rapid rise of industrial cyclicals. Low interest rates recently by investors. are a key. "Cyclicals have "There's a williness to pay clearly benefited from the Federal Reserve being on the sidelines at this point," says John F. MacNeil, of Smith Barney. Lower rates give many expected, and inflation investors more reason to lower, the outlook for expan- believe industry will consion seems brighter to many tinue to invest in capital

equipment and resources, providing a boost to industrial growth and future prof-

Specific industry changes also lie behind the rise of certain cyclical stocks. In the case of the long-suffering paper industry, flagship company IP recently announced plans to trim its workforce by 9,000 and to close or sell certain parts of its business. In spite of reporting a second quarter loss of \$419m, or \$1.39 per share, as a result of charges, the price of the company's stock soared more than 9 per cent on news of the restructuring plan.

In contrast, Caterpillar has been on a profits and revenue roll for several years, tbanks to earlier investments and new products. The company's earnings have risen in 11 of the past 13 quarters, and the company's April quarterly results came in much higher than analysts had expected.

Traditionally, Wall Street has put a low value on the earnings of cyclical companies like these: the very fact that they are highly profitable bas been seen as a sign that the economic cycle will scon turn, leading to a slump in earnings, in the long, low-inflation expansion of the 1990s, bowever, these old views are finally being

| Dow Jone                        | es Ind Average                     |
|---------------------------------|------------------------------------|
| Monday<br>Tuesday               | 7922.98 + 1.16<br>7975.71 + 52.73  |
| Wednesday<br>Thursday<br>Friday | 8038.88 + 63.17<br>8020.77 + 18.11 |

## How high can shares fly?

Experts were caught napping, writes Philip Coggan

stock forecasters is to make fortune tellers · look good, according to Warren Buffett. And, since be is arguably the world's greatest investor, he ought to know.

There cannot have been many people who envisaged the FTSE 100 index touching 5,000 this year, as it did several times this week. Indeed, at the start of the year, the most optimistic of those UK analysts polled by this column was looking for Footsie to end the year in the 4,500-

To be fair, some analysts have since raised their forecasts to the 5,000 level, and we have not reached the end of the year as yet - the market could always fall back in the second half.

Indeed, the market vesterday had one of its periodic reverses as slightly disappointing results from Microsoft combined with a wave of profit-taking to send

En route to 5,000?

■ Highlights of the week

771/2

2090

9221/2

1191/2

1781/2

551/2

96212

+77.7

+321/2

+21

+126%

+112

-30

+49

-126

+621/2

4964.2

577%

155

2215

9321/2

1781/2

1911/2

11961/2

242

15215

43%

1032

6811/2

4581/2

1131/2

120%

541/2

8781/2

FTSE 100 Index

- British Biotech

Carlton Comms

HSBC (750 shs)

Nelson Hurst

RMC Group

he only value of shares sharply lower. Fcotdropping below 4,900, losing 100 points at one stage. Nevertheless, the sheer

speed and scale of the global

bull market has caught a lot Numerical targets have been falling on an almost daily basis: last week, the Dax in Frankfurt passed 4,000 while, this week, the Dow Jones Industrial Average hit 8,000 and the CAC 40 in Paris touched 3,000. Even

the Italian Comit index

finally overcame the all-time high it set back in 1986. It is easy to underestimate the effect that liquidity can have on a market. Fundamentals can simply be ignored, once everybody decides that prices are going

The US market has looked expensive, on a dividend now; that has not stopped the Dow from setting one high after another.

shares sharply lower. Fcot- Interest rates are low sie ended a volatile week by round the world, and the fact they are going up in the UK does not seem to make a blind bit of difference. There ia plenty of international investor cash looking for a home and the UK which enjoys healthy economic growth and a recently buoyant currency, seems as good a bolthole as any.

Once markets start to go up, a virtuous circle can be quickly formed. Private investors hear the headlines about all-time highs, or are regaled with tales of their neighbour's stock market profits, and decide to join in the fun.

Institutional investors worry about falling behind their competitors and opt to put their spare cash back into the market.

It then becomes extraordinarily difficult to call the top of the market. Shrewd investors pulled out of Japan in the mid-1980s, only to see the Tokyo market enjoy another



four years of bullishness before their worst expecta-tions were realised.

There have been plenty of factors in recent weeks which, in more normal times, would have caused Pootsie to take a tumble. The removal of dividend tax credits in the Budget, the continued strength of sterling and its effect on exporters, and three interest rate rises in three months - all could be classed as bad

Indeed, many stocks have been hit by that bad news in what has become a two-tier market. The FTSE SmallCap index has risen less than I per cent this year and has underperformed the Footsie by 17 per cent since mid-

All the excitement is concentrated in the leading index, particularly in the banking stocks. HSBC rose in value by more than the entire capitalisation of the textiles sector on two days

Banks continue to benefit from the "building society factor" as investors struggle to get a weighting in a sector swollen by the recent flota-

But they are also undergoing a re-rating as investors—stocks in a liquidity-driven decide that the modern, low market is, thus, a risky inflation, steady growth era game, Corey Miller, strateis much more favourable for gist at Credit Lyonnais the banking business. Once again, some analysts think that the trend has gone too far and that several banking stocks are trading above fair

market. One of the oldest investment precepts is to

look for stocks which are undervalued, or which have been left behind by the trend.

The principle often works on a bigger scale, with the worst performing emerging market, for example, often rebounding sharply in the following year. That, however, has not

been a successful tactic in the past couple of years. Momentum buying bas been the rage, where investors chase the stocks that already have moved ahead strongly.

THE Grana

B Durntorn anappe

That has taken a share like Coca-Cola in the US to a price-earnings multiple of over 40, much to the frustration of value-orientated investors. The UK market's rally has been concentrated in a small number of stocks, which could be why your portfolio is not keeping pace. This all adds to the dan-

gers for the unwary investor, however. If he buys a stock on a high rating, and carnings disappoint, then the sbare can take a fearful battering. (The reaction to the Microsoft figures were an example of this phenomenon.) A decline in the pre from 30 to 20 implies a 33 per cent fall in the sbare price.

Investing in highly rated Laing, says that bis fair value model suggests the FTSE All-Share is overvalued by around 7 per cent. Given the general market euphoria, the index might But this is not that kind of not return to fair value for a while. But, at some point, It will.

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### My Pacific basinful

### Fringe Freddie discovers current affairs

Good crops were ripening in Europe and North Americe. s the rain lashing down in Lima? Is the landscape I added: "Then there'a the sad parched in Penang? plight of our hosts, the gold Ordinarily, I wouldn't care traders. I distinctly remember but, every time I meet Fringe Freddie, he gives me something that, 18 months ago, you were new to worry about. predicting that the bullion price Really, I should have known would break up sharply through

better than to accept an invitation to the Gold Bugs' Barbecue this week - officially, the annual summer party of the British United Gold Society. Once quite a famous annual evant, it has dwindled in popularity in line with the price of the yellow metal itself. But I suppose it is part of my job to

financial opinion: well, olmost From across the courtyard, there was no mistaking the braying laugh. "Long time, no see. You must have been avoiding me, old boy. Too busy buying those boring bonds, I

keep track of all shades of

suppose. Ha! Ha!" I looked around, desperately, but there was no escape from Freddie. I was a captive audience, though not exactly

captivated. "Why don't you tell your readers about the El Niño millennium crisis?" be boomed. "The biggest global weather event of the century is unfolding

and all you can write about is bank shares. Fill your boots with commodity futures, that's my advice. Start with tea and But the last time we met, l protested, he had told me to fill my garage with sacks of wheat.

shortage appeared to bave eased.

It is never possible to embarrass Freddie by dragging up the past, though. A gleam appeared in his eyes. "But it's a dollar conspiracy,"

he hissed. "Gold is weak only in terms of dollars. If you were German or French, you would think gold had risen in price this year. The Thais think it has climbed sharply in the past month. So do the Poles and Czechs."

It was true, I admitted, that the Germans were actually trying to book profits on their gold holdings, amounting to a kind of cosmetic rescue of their public finances. Bnt surely the strength of the dollar reflected the sheer power of the American economy.

"All an illusion, just like Disneyland," scoffed Freddie.

"Have a look at the figures: the US trade deficit is spiralling upwards. Eventually, the dollar has to head south.

\*Far Eastern capital has been propping up the US economy. and pumping up a Wall Street bubble. Soon, though, the Asians will realise they've been sold a

They will dump their dollars and what's the only realistic alternative? Gold!"

### 'Fill your boots with commodity futures, that's my advice,' said Fred. 'Start with tea and coffee'

central banks of the world are Canute-like, I attempted to wondering wby they are still fight against the verbal tide. hoarding 34,000 tonnes of such a "Tell thet to the Taiwanese," I useless commodity."

"They tried buying gold in 1988, about 250 tonnes at well over \$400 an ounce. So far, that's proved to be a way of losing a billion dollars, without counting the 6 per cent interest they're

not getting."

"Just you wait a few months," said Freddie. "The El Niño effect will be at its strongest at the end of the year. Warm surface water off South America will cause heavy rain and flooding and ruin the cocoa crop. Peru has declared a state of emergency in nine regions already. But a cool sea around Australia and the East Indies will bring terrible

drought, Sugar output in Thailand is slumping." He was building up to Iull speed now. "That's really why the Aussies have off-loaded gold - to build a cash cushion against

the coming agricultural crisis. We can already see currencies in the region going down like ninepins: the Thai baht, the Philippine peso, next maybe the Malaysian ringgit

"The US dollar might seem like a safe haven at the moment, but just wait until Wall Street . crashes, the foreign capital heads for the exit and the dollar crumples. Then you'll need to be in a real safe haven - gold again! Meanwhile. I promise you'll make big money in cocoa and sugar.

Alas. Freddic's promises tend to be unreliable. "Commodities generally are flat as a pancake." I ventured. "Don't ask mc to bet money on Pacific sea current temperatures.

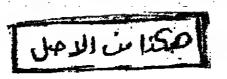
"I have been more ready to predict rising demand for energy and industrial materials. But lately they have skidded, too, which suggests the global economy is slowing down especially Asia which, these days, is a big consumer of metals.

"It all fits neatly together," blustered Freddie. "It's the unusual winds, you see. They're not blowing the tropical seawater eastwards as they

I grouned. How would I ever escape? Then I had a stroke of luck because, suddenly, . Freddie's watch started beeping an alarm call. He pulled a tiny

shortwave radio out of a pocket. "Sorry, dear boy, must stop now," he said. "Nice little Japanese job. this, it gets me the Peruvian weather forecast loud

Offshore managed funds and UK managed funds are listed in Section One

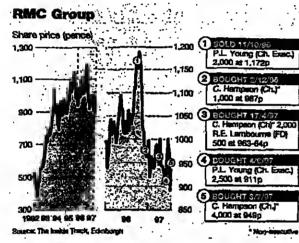


Mysteriously, the wbeat

### WEEKEND INVESTOR

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| CALLED CHECKET OF  | alle   |            |                 | ACE ACE          |                  | Li               | 37.3 2       | 121            |
| Bonne (19)   | 200  | 7 ×        | 1000            | 122.0            | A                | (+)              |              | 4              |
| Cate inne  | AND .  | H.C.       | Activities.     | A-1,000          | - W. 15          | COCKS.           | MB.          | [132]          |
| Complete & English   | A Transit of   | Feb        | 300             | (226)            | 10.58            | 22               | 3.           | 24             |
| ANAMARIO DI COMP.  |  |            |                 | (U. 4., 2E       |                  | 1                | .37          | 44.3           |
| China  | (TO)   | Mer        | 120.0           | (120.0)          |                  | H                | 1.8          | (1.5)          |
| Demons   | Tues.  | 1          | ilem.           | CHICAGO          | TIME.            |                  | -            | 300            |
| Dentmaster   | ATM  | ian)       |                 | 4                |                  | 43               |              | 11             |
| 1  |  | Sec -      |                 | 100 M            | 7.56             | 24 15            |              | - T            |
| Stat (6)   | Free   | Mar        | 1040            | C 250            | 1000             | (10.03)          | A 14 5       | THE CASE       |
| Ma 4 Feeran  | 100  | 45.2       |                 | (5,869)          | · market         | 20               | 2.0          | (AU)           |
| Falcon Hidge   | Diet   | Mer        | - Caladi'       | 21.00            | A. WALL          | Mari-            |              |                |
| Character of the Table   |  | MAN THE    | 353             | (646)            | 122              | (21.2)           | ~ 7          | (8)            |
| Firth Hidgs  | _  |            | -2              | 144              | (1.2)S           | 23.              |              | (Li            |
| Charles 18000  |  | Mer        | 1,720           | (1,540)          | 2.17             | 27a)<br>A 33 3 3 | 125          | <del>()</del>  |
| Forme .  | 100  | <b>***</b> | ATTE            | grant 19         | 1                | A 54 3 3         | 7            | n · ·          |
| HI-TOC Sports  | 22   | May        | 3,140           | 2,030            | 4.5              | (2.5)            | 1.2          | H              |
| H-Tec Sports<br>Int Tool-& Supply di<br>Keswood Appliesses   | CONT.  | 100        | 1.70            |                  | ÷ 17.            |                  | <b>法 连</b> 约 | HEE            |
| CERMOOD APPRINGED  | House  | ADE .      | 11,486          | (15,888)         |                  | (23.8)           | 2.76         | -              |
| Continues of the Contin | A  | <b>100</b> | - <b>2333</b> 1 | naar v           | CALC             |                  | 7.80         | 77.00          |
| miter Accession  | ALET   | No.        | 821             | (2.030)          | 3 02             | 10.83            | 3.1          | 4.0            |
| Morph  | in the   | 3          | dig to          | ALC: NO          | 1346             | 10.83            | 70           | Gen 7          |
| Pertous  | RICH   | Mary .     | 2000            | (1,170)          | 33.6             | MA CR            | 7:           | -              |
| Pendertons   | 1  | NO.        | The state of    | 1170-114         | 200              |                  | 27. v.re     |                |
| Prism Laicure  | 1000   | Mar        | 2 300           | W 44 C           | 20.00            | 47 to            |              | Harris         |
| Dallarina Canada 7   |  | Table 1    | 2/00            | (2,118)          | ALES -           | 17.121           | 7.19         | 0.73           |
| Hellarice Security<br>Shield Diagnostics   | PACE :   | - N        | WANT.           | 1                |                  | LAUR IL.         | 12.2         | 3/3: 4         |
| Shield Diagnostics<br>Smith (David S.)   | THE COL  | Mar        | 1,30EL          | (2/6)            | W 33.            | 1.45)            | -            | -              |
| String (Triting 21   | 1.   |            | - L             |                  | 34.44 ·          |                  | 5. 8.        | 7.5            |
| Somerfield   | HEE  | Apr        | 105,400         | (PE,000)         | 29.4             | 29.3)            | 10.2         | H)             |
| Somerfield<br>Stanfor Lateurs  | AND .  | MIL.       | 13,467          | Name .           |                  | 585              | 40.          | 2.22           |
| Suddon Herbour   | ARK  | Mar .      | .446            | 24.5             | 5.49             | 5.96             | 34           | H              |
| Others   | Mat -  | 1          | 1300            |                  | - 24             | 25/25            | 10           | <b>37</b> 0 in |
| WHE.   | 22.0   | Mat.       | 590             | D 510            | 01               | 5.34             | 1 1          | D 200          |
| Worthington  | Text   | 160        |                 | 2610             | 200              | 27               | 28           | 250            |
| Zergo  | AM   | Acr        | 726             | 2101)            | 34               | 4                |              | T              |
| The special of   |  | ***        | 7000            | 2101)            | 3.               | naga ee          | 20 000       |                |
| Am 1   |  |            | -               | The second       |                  |                  | *****        | C:             |

Cate has is to raise about £2.25m via a placing & open offer of



RMC, the construction materials group, has been through some hard times recently but an upbest statement by the chairman, Chris Hampson, at the annual meeting in May was followed by a purchase of 4,000 shares last week at 949p. Robert Lambourne, the finance director, and Peter Young, the chief executive, also bought shares since results were announced in April.

| Company                             | Sector       | Sheres           | £.000               | Grace<br>Leo of |
|-------------------------------------|--------------|------------------|---------------------|-----------------|
| SALES                               |              |                  |                     |                 |
| Abbot Mead Vickers                  | Mdla         | 250,000          | 13                  | آب              |
| Border Television                   | Meia         | 20,000           | 75                  | : <u>!</u> -:   |
| Chelsfield                          | Prop         | 200,000          | 734                 | . ].,           |
| DBS Management                      | OthF<br>SSer | 2,000<br>200,000 | 1262                |                 |
| Kewill Systems<br>KS Blomedix Hidgs | Phrm         | 20,000           | 22                  |                 |
| British Land                        | Prop         | 38,562           | 224                 | · ·             |
|                                     |              |                  | 7                   | - 2             |
| PURCHASES Asset Management in       | InvT         | 50,000           | . 48                | 1               |
| BAA                                 | Tran         | 2,148            | 12                  | 1               |
| Barbican Healthcare                 | Hitb         | 87,000           | 19                  | 3               |
| Benchmerk                           | Prop         | 10,000           | 22                  | Ĵ.              |
| Beansk                              | Hith         | 3,000            | 18                  | 2               |
| BWD Securities                      | OthF         | 10,000           | 12                  | .1              |
| Cable and Wireless                  | Tele         | 10,000           | 55                  | 1,              |
| Carpetrions                         | Red          | 25,000           | 132                 | _ 1             |
| Cedardata                           | 35er         | 50,000           | 41                  | .2              |
| Circusi                             | Eng          | 55,000           | 100                 | . 1             |
| Сопреве                             | Brew         | 9,400            | 58                  | .2              |
| Delpety                             | FdMa         | 11,139           | 25                  | .1.             |
| Delta<br>Deltron Electronics        | EELE         | 36,540<br>11,000 | 95<br>15            |                 |
| Electronic Boutique                 | PletG        | 40,000           | 12                  | 2               |
| Expannet Intil                      | Eng          | 50,000           | 51                  | 1               |
| F & C Smeller Cos                   | invit.       | 20,000           | 35                  | 1.              |
| First Choice Hols                   | LAM          | 50,000           | 45                  | 1               |
| Hadleigh Industries                 | Eng :        | 20,000           | 40                  | 4               |
| Hanson                              | BMAM         | 15,000           | . 43                | 1               |
| Harvey Nichols Grp                  | RetG         | 10,000           | . 27                | 1               |
| Hithcare Reform Inv                 | lovY         | 125.000          | 119                 | 1               |
| Loades                              | EngV         | 4,000            | ्र. <mark>२१</mark> | 17.             |
| Contho                              | PPAP         | 10,000           | 12<br>187           | . 122           |
| Low & Bonar<br>Morgan Crucible      | Eng          | 18,542           | 76                  | - ₹             |
| Monte Ashby                         | Eng          | 5,000            | 12                  | 1.              |
| National Express Gr                 | Traci        | 12,917           | 80                  | 3               |
| Next                                | RetG         | 10,000           | 69                  | 1               |
| Redland                             | BMAM         | 14,000           | 40                  | ,2              |
| RMC                                 | BMAM         | 4,000            | 38                  | 1 .             |
| Saville                             | Prop         | 33,330           | 30                  | .1              |
| Sears                               | RetG         | 25,000           | 18                  | 1               |
| Secure Trust                        | OthF_        | 30,000           | 174                 | 1               |
| Southnews                           | Male         | 3,000            | 12                  |                 |
| Thistle Hotels                      | Lahi         | 10,000           | 15                  | Ţ               |
| Triplex Lloyd                       | Eng          | 10,000           | 16                  |                 |
| Vendome                             | RetG         | 25,000           | 114                 | 10              |
| Wagon Industrial Hi                 | Eng          | 5,000            | ·                   |                 |
| Welker Greenbank                    | HGod         | <b>52,700</b>    | 37                  | - Par           |
| Wysfield Group                      | HGod         | 1,331,000        | 79                  | 6,              |
|                                     |              |                  | 100                 |                 |

Companies must notify the Stock Exchange within five working companies must restry the Stock Exchange water ave working days of a clear transaction by a director.

This list contains all transactions (fisted and Akm), including exercise of options (1) if 100% subsequently sold, with a value over £10,000, information released by the Stock Exchange.

Shares traded are ordinary, unless otherwise stated.

Source: The Inside Track, Edinburgh, 0131-473 7070.

| ŗ  | Results d             | ue n    | ext we    | ek            |       |            |  |
|----|-----------------------|---------|-----------|---------------|-------|------------|--|
|    |                       |         |           | Dividend (p)* |       |            |  |
| かな |                       |         | Annoment  | Last ye       |       | This year  |  |
| r. | Company               | Section | ous       | TAMES AND     | Final | - Interino |  |
| 6  | FINAL DIVIDENDS       |         |           |               |       |            |  |
| -  | Banks (S.C.)          | FORT    | Thursday  | 4.0           | 7.0   | 4.25       |  |
| Ç  | Barbour Index         | Med     | Tuesday   | 20 .          | 6.5   | 3.15       |  |
|    | Botton Group          | Prop    | Thursday  |               |       | -          |  |
| 'n | Coletax & Fowler      | HeeG    | Tuesday   | 0.75          | 1.15  | 0.5        |  |
|    | Copyright Promotions  | Med     | Toestiav  | 0.5           | 1.0   | 0.5        |  |
| 7  | Delyn                 | ABL     | Thursday  | 1.5           |       | •          |  |
|    | Euclidan              | Insc    | Thursday  | 2.0           | _     | -          |  |
|    | Eve Group             | AR      | Thursday  | 1.0           | -     | 1.5        |  |
|    | H&C Purnishing        | . Pitte | Tuestay   | 1.0           | 2.0   | 2.0        |  |
|    | MITTE GROUP           | SpSr    | Tuesday   | 1.8           | 2.2   | 0.8        |  |
| -  | Matthew Clark         | . ASSV  | Wednesday |               | 15.0  | 9.0        |  |
|    | Meremore Abbey        | SpSy    | Tuesday   | -             | -     | 0.5        |  |
| -  | Memoier-Swein Group   | ELE     | Tuesday   | 1.85          | 2.0   | 2.15       |  |
| 3  | Menzies (John)        | RtGm    | Tuesday   | 4.8           | 8.6   | 4.8        |  |
| 4  | Ogleaby & Butler      | 04      | Tuesday   | 2.5           | 2.5   | -          |  |
|    | PSIT                  | Prop    | Monday    | 2.25          | 2.5   | 2.5        |  |
| •  | Page Micro Technology | BH      | Wednesday | -             | _     | 8.9        |  |
| -  | Sietchiey             | SpSy    | Monday    | 2.4           | 1.1   | -          |  |
|    | Stagecoach Hidgs      | Tons    | Tuesday   | 2.1           | 4.5   | 3.0        |  |
| 2  | UNO                   | Rife    | Monday ·  | -             | -     | 1.5        |  |
| -  | WF Electrical         | Dist    | Tuesday   | 3.5           | 2.4   | 4.0        |  |
| i  | INTERNAL DIVIDENDS    |         |           |               |       |            |  |
| •  | Baring Tribuse IT     | TIME T  | Friday    | 2.6           | 5.8   | -          |  |
|    | Bullough              | Eng     | Wednesday | 1.17          | 4.3   | -          |  |
| •  | Cooleann Group        | Dvin    | Thursday  | 29            | 4.7   | -          |  |
| -  | ICI + -               | Chem    | Thursday  | 12.5          | 195 · | -          |  |
| •  | Lex Service           | Dist    | Friday    | 64            | 9.6   | -          |  |
|    | Masthead Insurance    | insc    | Wednesday |               | 10.0  |            |  |
| •  | Porvair               | Chess   | Monday    | 1.6 -         | 17 .  | -          |  |
| 3  | Fleuters .            | Med     | Wadnesday |               | 9.0   | -          |  |
|    | Shani Group           | Text    | Tuesday   | 2.37          | 4.5   |            |  |
| :  | Smithidine Baschem +  | Phro    | Tuesday   | 4.0           | 5.65  | -          |  |
|    | Sparge Consulting .   | SpSv    | Wednesday |               | 2.5   | -          |  |
| ì  | St. Modwen Properties | Prop    | Tuesday   | 0.8           | 1.3   | -          |  |

| 1                          |         |        |        |           | The second second second |
|----------------------------|---------|--------|--------|-----------|--------------------------|
|                            | Carte   | 140    |        | ACCOUNT.  | interior chicande        |
|                            |         |        |        |           | per phore (s)            |
| Aberiorth Smeller          | In In   | Jun    |        | 257.3     | - 0                      |
| Alexanders                 |         |        |        |           |                          |
| Allied Textile             | Text    | Mar    | 6,850  | (8,400)   | 275 (2.8)                |
| Antaka Smale               | MIT     |        | 182.05 | U85 38    | 2,05                     |
| CCI Hidge                  | 177     | Jon    |        | (115)     | - (-)                    |
| <b>Carried Co.</b>         |         | Mar    | . 220  | (210)     | · · · · · · · ·          |
| Finabury Tech.             | lo I r  | May    |        | (118.3)   | - (-)                    |
| Florating Inc. & Cop. )    | in in   | m      |        | 4         | 14 (1.3)                 |
| Gartmore British           | in Tr   | Jun    | 116.B  | (107.5)   | 2.25 (2.2)               |
| Green Sci Bee              | Edu     | Mar    | 0,0731 | -(2,180L) | H.                       |
| inn Basiness               | Brws    | May    | 2,920  | (285)     | 0.625 (0.55)             |
| Constitution of the second | Sist    |        | . 329  | (806)     |                          |
| Medeva                     | Plum    | Jun    |        | (33,900)  | 1.8 (1.65)               |
| Microcon.                  | 200     | Arre"  |        | (4,880)   |                          |
| Nichtlericht               | Time    |        |        | (1,210)   | 0.5 (1.3)                |
| Dig Constible              | fally . |        | 47.2   |           | 45 45                    |
| Premier Land               | Prop    | Mar    |        | (1,000L)  | - (-)                    |
| Scotlet American           |         |        |        |           | 1.34 (1.29)              |
| Throomorion                | Intr    | Mayt   |        | (22.5)    | 0.9 (0.9)                |
|                            |         |        |        |           |                          |
| Tar of Property            | ., .,   | - Juli | -      | <b>1</b>  | 1,08 (1.178)             |

### New issues

British Borneo, the well but some analysts have pany, has announced a asked is too high. be completed by the end of Charterbouse Tilney, values August and will double the the group at £55.7m. It aims company's equity base, now to build a global brand to capitalised at about £870m. to build a global brand to rival labels such as Paul The placement price for Smith and Hugo Boss. has said it will place shares lan Stewart, and his wife

fast-growing UK oil com- suggested the price being £167.3m rights issue ear- 

Ted Baker, the men's marked for further explora. shirt retailer, finalised its tion in the Gulf of Mexico, flotation this week, pricing writes Emiko Terazono. The the shares at 135p. The placfund-raising is expected to ing, fully underwritten by

Billington, the base metals I Gramlin Group became division of South African the first computer games mining group Gencor which company to list on the stock will be demerged later this market, with an £8m placing month, is becoming tha this week which values it at focus of attention. Billington £29.8m. Founding director at between 210p and 240p. and joint chief executive Bankers associated with the Jenny Richards-Stewart, will flotation insist the interna- together own 51 per cent of tional road shows have gone the business.

### Bids / deals

ICI announced it had sold exclusive supply agreements balf its industrial businesses with three US airlines. ginia Marsh. The deal is part Europe's aircraft builder. merger between Boeing and agreement precludes this. ..... McDonnell Douglas, the US the European Commission is losses of \$300m this year on threatening to block the deal US domestic expansion if Bosing does not scrap its plans. 

to DuPont, the US chemicals France is concerned over the giant, for \$3bn, writes Vir- impact on Airbus Industrie, of a £3bn disposal pro . The BT/MCI merger congramme to fund the compa- tinued to dominate the headny's £4.9bn acquisition of lines this week, with the two Unilever's speciality chemi- companies disagreeing pubcals arm. Together, the licly over when BT first moves will transform lCI knew of the worsening state from a bulk industrial chemof the US company's icals group into a leader in finances. BT is facing supplying specialised prod- increased pressure from ncts. The two companies institutional shareholders to hope to complete the deal renegotiate the \$20bn within about nine menths. merger, although sources I The fate of the proposed close to MCI maintain the The British company also aircraft-makers, ran into had to back down from the fresh problems, with the US demands of some of its top and French governments management for the resignastepping into the row. Much tion of the MCI executives to the annoyance of the US, responsible for estimated

| Company<br>186 for         | -                             |                   |          | HARDE OF        | Biddes                                     |
|----------------------------|-------------------------------|-------------------|----------|-----------------|--|
| Applied Disthin \$         | 44                            | 43                | 42%      | 1543            | Tibbett & Brtis                            |
| Argent Group               | 375                           | 370               | 453      | 225.5           | Britisi Property                           |
| Attes Converting \$        | \$15°                         | 815               | 6471/2   | 84.76           | Valuet                                     |
| <del>D</del> riden         | 175°                          | 173               | 137%     | 130,72          | FIG  |
| Brockbank Group            | 999°§                         | 672%              |          | 85.60           | Mid Ocean                                  |
| Cater Allen                | 580°                          | 571               | 580      | 189,08          | Abbey National                             |
| Circle Comme ‡             | 75*                           | 75                | 671/2    | 8.29            | Sthe Star Group                            |
| EL Cont                    | 112.                          | 190%              | 134      | 89.5            | Bank of Scotland                           |
| Energy Group               | 880°                          | 652               | 648      | 3.59bn          | PacifiCorp                                 |
| Gent (S.R.) #              | 22"                           | 80                | 71%      | 29.55           | Prospero Inde                              |
| Goldsborough Hith          | 175°                          | 171%              | 126      | 76.85           | BOPA Figures                               |
| Grampian TV                | 220                           | 315%              | 310%     | 105.50          | Scottish Media                             |
| Grandhiet (4)              | 614                           | 524               | 515      | 23.00bs         | Goinness                                   |
| HTV I                      | 420-5                         | 412%              | 3301/z   | 371.7           | Utd Mernet & Media                         |
| Hartlepool Water #         | 255*                          | 270               | 195      | 19.41           | Anglian Water                              |
| Heath (CE)                 | 143*                          | 1381/2            | 128%     | 96.09           | Erycinus                                   |
| Micland Ind News           | 210-                          | 198%              | 138%     | 289.58          | Micros Group                               |
| Nelson Hurst               | 185*                          | 179%              | 129%     | 83.99           | Fotoes Stroop                              |
| Nobo Group                 | 140*                          | 137%              | 138%     | 24.75           | Acco                                       |
| Hycomed                    | (2)                           | <b>(-)</b>        | (-)      | ( <del>2)</del> | Americant Inti                             |
| Policy Portfolio           | 125                           | 123               | 1221/2   | 10.08           | Federare Jays                              |
| Olly Care Homes I          | 370                           | 325               | 3171/2   | 45.21           | Principal 18th                             |
| Reside                     | 1351                          | 133               | 71       | 24.16           | S56  |
| TLS                        | 135*                          | 131%              | 130%     | 85.88           | SE Capital                                 |
| Unicem Inti                | 225                           | 221               | 155      | 85.5            | Cide St Scholo                             |
| Wood (JD) I                | 145*                          | 143%              | 131      | 11.29           | Hambra Cirywide                            |
|                            | 112355                        | 1785              | 1155     | 825.04          | Grenada                                    |
| Yorkshire-T Tets           | attenues by                   | Server!           | at cash  | other Stor      | cacital nex already beld                   |
| & ( terror division of the | end on herch<br>to to from GM | ome po<br>G Brand | mes 1877 | 767. 493X       | was and cash. † Cas<br>in Nycomed American |

In the Pink

### Technocrats take a fall from their hobby horse

John Train discovers that under normal circumstances short selling is a bearish, rather than bullish, indicator

ticularly "charting". It does not work, and worse, it distracts you from what does work, namely fully understanding the companies you are interested in.

One of the hobby horses of the technocrats is that the higher the short posi-tion in a stock, the more "support" it has, since all those short sales will have to be covered some day. However, a new study ehows that under normal circumstances, short selling is not a bullish indicator at

all, but a bearish one. The reason is that adverse developments in a company often provoke shorting activity before the stock falls significantly.

The study, "An Empirical Investigation of Short Interest", was conducted by Paul Asquith of the Massachnsetts Institute of Technology School of Management and Lisa K. Muehlbroek of the Harvard Business School, and of the Securities Exchange Commission.

I will begin by quoting the abstract that epitomises the

"The traditional view of short interest is that it is a bullish signal, because it is an indicator of future demand; all short positions must eventually be covered by purchasing shares. A more recent appraisal of short interest is that it represents negative information about a firm's future prospects. More specifically, Diamond and Verrecchia (1987) suggest that since short sales are more costly

place that lets you withdraw your funds

eaders will be and restricted than long bad fundamental company aware that I am transactions, short sellers are more likaly to be informed... Using data on monthly short interest positions for all NYSE and ASE stocks from 1976-1993, we detect a strong negative relation between short interest and subsequent returns, both during tha time the stocks are heavily shorted, and over tha fol-

lowing two years. This rela-tionship persists over the entire 18-year period. The results also provide a foun-dation for tha view that stock prices reflect positive

> supposed to insulate the underwriting side from the brokerage and advisory side? Sometimes this barrier is as permeable as the Great Wall

information more efficiently than negative information." In the body of the study, the authors identify some reasons why the markat does not respond efficiently, particularly through short selling, to bad news. One reason is that you cannot always borrow tha shares that you want to sell short. Another is that the lender can recall the stock at any

moment, so that you may be forced out of your position when it is least convenient. As the Wall Street saw has it "He who sells what isn't his'n/ Must buy it back or go to prison." The anthors draw several

developments.
Thus, if you own a stock that suddenly starts developing a higher and higher short interest, don't buy: rather, think of selling. A third conclusion is that it is most important to sell the issues that have been subject to the heaviest short

selling. Why do unfavorable developments provoke selling less than favourable ones provoke buying? Every market practitioner knows. one reason: the way brokers

What about the Chinese wall

enjoys a close relationship with a company eventually develops an excellent feeling for how the company's fortunes are progressing. If such a broker turns emphatically negative on the stock, investors will give particular weight to this change of opinion, and support for tha stock may dry up.

In response, the company may withdraw the broker's access to the best data, just as government often shuts the inner circle of privileged information.

Sometimes a company's brokers are also its investment bankers, a very profitconclusions from their able relationship, So a more work. The first is obvious: a serious risk, if the company rising short interest implies is really vexed, is that it sider it reassuring.

will terminate its banking relationship with the firm. Since individual brokers are well rewarded for developing and nurturing such rela tionships on a firm's bank-ing side, they are most reluctant to injure them by sounding negative on the brokerage side.

To quote the study: "Analysts with negative opinions about a firm's future prospects may find themselves excluded from mailings, meetings, conference calls, and gatherings of the company they cover' according to the Wall Street Journal. The same article reports that reprisals for negative analyst reports include loss of banking bust ness, as occurred when Salomon Brothers lost a BellSouth bond issue after a negative analyst report.

What about the "Chinese wall" that is supposed to insulate the underwriting side of an investment firm from its brokerage and advisory side? Alas, sometimes this barrier is as permeable as the original Great Wall, which did not always deter the barbarians. At least, the unhappy corporate client is

Then, one should remem ber the way brokers think. They look for stocks that they hope will go up much more than for stocks that may be overpriced.

Anyway, since there is lag between negative developments and lower stock prices, and since short selling often reflects highly informed professional opinion, while retail opinion lags, the ordinary investor should take it as an occasion for concern, not con-

## We like to give our offshore investors a few little extras.

(Like more money.)

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| of our way to make sure of it. So if your | soover or later - although it woold          | Address  |
| account's with someone else, chances are  | help if everyooe took oo Woolwich            |  |
| it's not making you as moch money as      | Guernsey's habit of informing investors      | Postcode Prostcode   |
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ing to Nichary: the Emblition of Washinds Gazzang Limited viewed Gazzang distillate is another to distinguize and file over assets, and while Washinds Gazzang Limited commiss as each office with the Commiss of Emblish plan. The understaking has been piewed per first part of the understaking many terminate before that done if Washinds plan as longer for a controlling interest in Washinds Gazzang Limited or if the latter is given one manifest matter that the understaking is to be terminated. Profess Gazzang Limited Principal plan of business and rejected office. In Tomalle House, Lee Empays, St. Peter Part, Gazzang, Livited 1967s, Registered motor the Exching Superson (Ballovick of Gazzang), Lee 1964 as another, Real up Stare Capital and narrow counting Eller, Incorporated on Gazzang, representing as 2581, Copes of the Company and advantage are available on request. A wholly amont advantage of Washind plan Registered plan Washing Stare, Exclipitath, Kent Delts TRN. No deposite or with broads to make through Washinds plan beneated.

he belt on my raincoat

became snagged in a piece of heavy machin-

ery the other day. Fortu-

stely, it wasn't a tree-shredder

dragging me screaming into its

jews or a cross-channel ferry

leaving Dover docks.

### FT WEEKEND

True Fiction

### The circular route to courtesy

Peter Whitehead takes an unscheduled trip round Waterloo Station and learns a lesson on the way It was an electric open-topped

buggy at Waterloo station, with COURTESY VEHICLE written on the front. A small angular metal-Bweecep, bweecep, the buggy lic vehicle, its notable features trundled on. I thought the driver were an orange flashing light on a pole and a bweep of an alarm caught." He glanced back over to clear people from its path. the shoulder of his grey fluores-

I had skipped through the cent waistcoat and carried on. ticket barrier and on to the con-Винееер, винееегр, винееегр. coursa at Waterloo witbout I was being dragged along, one expecting this slow-moving cart end of my belt stuck fast to the to be bucep, bucep, buceping in truck, the other stitched firmly to the coat. I was scrambling,

"Look out, mate," called the driver. The bags under his eyes between Tie Rack and Le Croisand his "Fight the cuts, stuff the sant shop. "Can you hear me? jubilee" lapel badge, circa 1977, My coat - it'a caught." were clues to his disposition. A hard night before on the ale and a serious hangover from the Railway passengers have every reason to be surly - trains break down, guards fail to show up.

1970s suggested stroppiness. I canght his eye as he veered towards me. As I stepped back, my belt, hanging loose, flicked stay silent.

That there was a hubbub outside Burger King at 9.54am meant something unusual was occurring. And it was me, bounc ing along and tugging at my

"What d'ya think of society. mate?" the driver asked me, as if an unwilling attachment provided an opportunity for debate. "What?"

"Society. You think it exists?" "Errrrr, of course I do everybody does, surely. Now please stop this thing and let me get unbooked."

The driver pregrey boot down hard on the accelerator. Bweep, bweep, bweep, busep. We were going faster

station concourse, slipping into a sociology lecture. I was running out of puff and out of bope of any escape from the raincoat or

It was horrifying how well he knew "my type". He spoke of impatience and road rage

Buip buip buip buip. We zipped past W.H. Smith and on towards the ticket area.

know your sort, see." I recoiled

Yep. Got you sussed. Comfortable, going places, no need to look beyond your garden fence." Where his train of thought was heading, I hardly dared contemplate; where his truck was heading was clear - we were approaching the end of the concourse. We were back at full

speed but he would have to slow

to take the corner and I might

The truck wound down. Bwip bwip, bweep, bweep, bweecep,

I reached out, grabbed the back of the driver's seat and, in a finrry of gaberdine, I was seated beside him, still attached, but recovering some dignity. "Aha. Now, while you're sit-

things run properly, passengers being dragged along Waterloo mate. You should know better. I ting there ... " He watched me fiddling with the belt as be little truck driver crossing my picked up speed again ... "you should think about this."

And I was harangued ebout my standards of behaviour for course. It was horrifying how did. And he helped me free my two more laps of the station conwell he knew "my type". He coat. spoke of impatience and road rage, intolerance and rudeness.

people about the station. Four schoolgirls on their way to the oshest end of Esher, comparing tunes on their mobile phones; two businessmen and a businesswoman poring over files, documents and capuccinos ontside Costa Coffee.

This was society. Yet these people were obstacles. I had to get to work: they got in my way.

driver's message was striking soft targets. I had been utterly graceless only that morning when a woman almost hit me as sha opened her car door on to the pavement. She had said

sorry; I glared. My finger-waving gastures at a flower seller who stepped into my way the other day were bourish; my look of disdain for the path this morning was petulent

and seriously misjudged. I had to concede. "Look. I'm sorry, I see what you're saying. Just stop the truck now." And he

I had been dealt a lesson in manners by a Courtesy Vehicle As he talked, I began to notice driver. The initial effects were good. I thought hard about what he said; I was polite, gracious and humble until 7.13pm that

siemens wa

Indian opera

Heavy rain, train cancelled. concourse crowded with thousands of steaming commuters, all in my way. When I eventually reached home, I got out my Parker Duofold pen and wrote a jolly rude letter to that Courtesy Vehicle driver's boss.

Arcadia

"You in a hurry then, mate?"

signals collapse and e whiff of

## Culture has its limits, even in the Cévennes

Nicholas Woodsworth needs no excuse to flee art-sodden Provence

But there is only so much any one man can happily was that not long ago I found deal with. When summer rolls myself lazing the day away in around and the bot weather comes to my home in the Midi, so, too, come uncounted num-

bers of outdoor festivals. Provençal cicadas and the poly- den in the narrow Trabassac valfrom around the world, the entire area from June onwards is frenzled, crowded and over- rock by centuries of flowing wrought. And if my own pro- water. At its upper end a stream gramme of high summer culture bubbles through a cleft into a calls for outdoor venues, too, it wide pool before draining into e also requires peaceful contemplation and the kind of silence conducive to long, hammock-swung afternoon siestas. Each summer, then, seeking refuge from a surfeit of civilisation, I flee Prov-

ence and bead for the hills. The particular hills I head for are the Cévennes, the tumbled and twisted mass of rock that juts out into the Mediterranean plain from the southern edge of France's massif central Just a sional snooze. morning's drive from the busy and sophisticated towns of Provence, it is as wild and isolated an area as any in Europe.

The Cévennes is perhaps best through Robert Louis Stevenson's Travels with a Donkey, the description of an adventurous trek across the Cévennes in 1878. Scarcely populated, covered with thick foreats of chestnut and bolm oak, riven by tortnoua ravines and fast-flowing streams, the steep-sided Cévennes made for the most rugged and romantic of 19th century backdrops. It still does today.

My own summer itinerary this year, however, was hardly as strenuous - much of it involved eazing up at the blue sky from a reclining position with barely a to bite off the tender leaves and thought in my head. By dint of twigs of the chestnut trees grow-

t did not look promising

the battered white Lada in

the car park at Tbilisi air-

port had clearly seen better

decades. Its ignition mechanism dangled from the steering wheel

like turkey giblets. The shattered windscreen looked as though it

had been designed by a crazy

paving specialist. A small model

Santa Claus, bearing a big badge

ered, was our one common lan-

am as fond of culture and much horizontal experimentathe arts as anyone else. tion I have over time discovered the best place in the entire Cévof the stuff, after all, that ennes for such an exercise. So it the spot locally known as the Trou de Trabassac

It is a place not even e surefooted Stevensonian donkey Between the febrile drone of would happily venture into. Hid-Croix-Vallée-Française, it is a deep basin gouged ont of the delightful succession of descending falls and naturally-cut water

Peaceful and isoleted, overbung by a massive, shade-giving oak tree and filled with the sound of gently burbling water, the Trou de Trabassac is a perfectly zen-like sort of place. It is appropriate for contemplation, profound meditation or, on a still deeper plane, even the occa-

I had gazed at bars of sunlight falling through the oak into the green-blue depths of the pool. I had watched a band of tiny black tadpoles cavort dangerously in known to the outside world the current where it picked up speed heading toward the water-

> looked on as a tiny spider began to spin a fragile web between my foot and a nearby fern. Peaceful and drowsy, I was just one meditetion away from sleep when I was abruptly aroused by Mme Rauzier'a nanny-goats.
> I heard their bells first, an

> insistent tinkling from 100 swaying necks. Then their heads appeared over the rim of rock above me as, standing on their hind legs, they strained upwards



In her closeness to the earth, from her ancestors. Every day she disappears with her goat herd into the landscape to spend iong bours sitting in silant woods and hillside glades with no company other than Athos's. It is hard to get more zen-like than that these days.

But this was not one of Mme Rauzier'a silent days. We talked about goats' cheese and the weather, hay cutting and the new beaver-dam in the valley below, and then Mme Rauzier vast lofts for the feeding of silk

Gabriac fête du village that eventhere no getting away from it?

Even here in the middle of nowhere, surrounded by goats there was, it seemed, an inescap-Lying absolutely still, I had in her frugal and hardy style of able summertime compulsion to life, Mme Rauzier differs little celebrate. But surely, I said to myself, a festival in the beart of the Cevenol wilderness had to be radically different from a festival in chic, sleek Provence. I decided l would go, after all. And radi-cally different it proved to be.

The hamlet of Gabriac sits a hair-raising car-ride halfway up the mountain on the opposite side of Sainte Croix. It is a small, strung-out collection of ancient stone houses, each equipped in the old Cevenol manner with have long disappeared.

asked me if I was attending the worms and the storage of chestnuts. But if I had expected to be ing. Good heavens, I thought, is entertained by a lot of native sons-of-the-soil. I was in for a

surprise.

Isolated and inaccessible, the Cévennes has been a place of refuge ever since the early 1700s, when it harboured Protestants against Catholic massacre in a long and bloody religious war. Other waves of refuge-seekers have followed. In 1968, following a summer of youthful revolution and social upheaval in Paris, the Cévennes received an influx of long-haired, colourful individuals determined to put their ideology into practice. Elsewbere they were called hippies; hera they were called Neo-Cévennois. Their communes and collective farms

calmed down and adapted to local conditions. Younger arrivals have trickled in. But the Neo spirit is still alive. That evening it was positively kicking.

All afternoon, le tout Gabriac had been preparing dishes, setting up a stage on the steep hillside, improvising sound systems and spot-lights, and stringing fairy lanterns. By the time I arrived, cooks and atage-hands had turned diners and revellers. and the tiny courtyard of the Gabriac school (roll: 14) was brimful of Neos and their touslehaired children. The red wine flowed copiously and there was a talkative, bubbly mood in tha

When the goats' cheese was finished, diners turned performers. The long trestle tables were They bave grown older, dragged away and all eyes

turned to the stage. The mayor of Gabriac sang a song about the iniquities of the European Union. Young ladies performed a sancy music-ball number. A group of musicians played the jazz music of Django Reinhart. A wild-looking fellow named Moktar Pipo jumped up on the improvised bar and did astonishing things with an accordion. And then Gabriac settled down to

some serious dancing. They may not put on summer festivals as professionally in the Cévennes as they do in Avignon or Aix-en-Provence, but they do them with more heart. I left sometime after midnight. Things were just really warming up, but even in Gabriac, culture has its limits - 1 did not want to be late naxt day at the Trou de

### Metropolis

## With my Lada as my Witness

John Thornhill succumbs to the irrepressible Georgian charm of a Tbilisi taxi-driver

I could tell him about England. saying "I Love You", bung from or "foggy Albion", as it is still the cock-eyed mirror. My mood curiously known in parts of the did not improve when I learned it squeaked every time we turned a former Soviet Union. I, in turn, But my cheery Georgian driver. his beautiful homeland where he who introduced himself as Giga, had lived for all his 23 years. brushed aside all obvious concerns with his wide-eyed enthusi-

It soon struck me, though, that there was something odd about asm. "It'e a good car," he lied. Giga. His check shirt, spotless edding a phrase that was to white chinos, and neat haircut become annoyingly familiar over appeared a touch too clean-cut the next three days: "No probfor any self-respecting Georgian, who, in my limited observation, So, in spite of my better judgtended to favour the bohemian ment, we set off for the centre of film director look. Giga's conspicthe Georgian capital chatting uous lack of interest in the striking, baraly-clad women who away in gloriously ungrammatibreezed past our car also concal Russian, which, we discov-

founded my preconceptions of what a real red-blooded Cauca-

Giga was interested to learn all sian male should be all about.

three days and we engaged in a was keen to hear his views about bout of ritualistic hazzling. The next day, Giga ferried me

around Tbilisi delivering me at the finance ministry. Interna- to my guest bouse that evening tional Monetary Fund, and cen- but was rather unnerved when rest of the day, Giga regaled me tral bank, the natural points of Giga handed over some "pres- with tales of his criminal past, call for any FT correspondent. I even arrived on time for some of the meetines.

But it has to be said that Gien was not one of life's natural taxi drivers. Every address, even the most strikingly obvious, had first to be checked in his voluminous road atlas and then confirmed by interrogating passers-by.

Giga's method for starting his

jump-start it before we hit an upon a pre-emptive strategy. I how the country's once-rampant immovable object.

I was much relieved to return how he had discovered his faith. ents". These consisted of two bot- how he had been a member of vah's Witnesses.

The way he drove, I reflected as I clambered out of the car, made me giad he had e faith. It was with some trepidation

I was almost reassured there- faulty starter motor meant Giga morning, fearing e day-long ents." fore when Giga named a ridicu- either had to push-start the car inquisition about my spiritual Giga then unfolded for me an lous price for hiring his car for himself or let it roll gently down health. But in the 30 minutes I alternative history of Georgia one of Thilisi's many hills and waited for him to turn up, I hit and explained tha mystery of

This was a mistake. For the

more uncomfortably in my seat. "But all that changed when I left prison," he reassured me. "I found God, gave up alcohol and are our most successful export." drugs and crime, started cooking,

car was also disconcerting. A that I waited for Giga the next and learned to respect my par-

greeted his arrival by asking him paramilitary gangs had seemingly evaporated from Tbilisi's

streets overnight. Apparently, Eduard Shevardnadze, the country's wily president and former Soviet foreign tles of the sulphurous Borjomi one of the paramilitary gangs minister, had secretly summoned mineral water - much beloved by thet dominated Georgia in the local vory v zakone (tha Georgians but by few others - early 1990s, how be had museed specified this manufacture. and an ominous stack of Awake! foreigners, stolen cars, and the criminal subculture throughthe journal distributed by Jeho-burgled homes. I shifted even out the former Soviet Union) and told them to clean up or get out.

"Most of them have now gone to Russia," Gigs giggled. "They

events has any basis in fact is unclear but it was at least diverting - and no doubt preferable to discussing the finer points of the Second Coming.

On the way to the sirport. Gigs filled up his car with petrol and asked me to pay the bill. This was, he said, standard practice in Thilisi, Besides, he could not afford to pay himself because he had to support a small army of dependent relatives.

I have been ripped off by taxi drivers across the former Soviet Union and have loudly cursed them all. But I found it impossible to be mad with Giga. For at least five seconds, I even toyed with his parting suggestion that I should finance his evolving plans to open a restaurant in London. But that, I suppose, is the charm of the Georgians.

Chees No TIVE Petiting: T Nog4? loses to Che+ and Cade, while 1 Chg4+? Kin' chops the queen. Reti played 1 Reti Cheef-Queen. Reti played 1 Reti Cheef-2 Chg4+ Kin' 3 Chg7+ King' 4 to No 1190; Neither, F NIS+ and 6 North, winding will!